North Carolina Department of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section
2704 Mail Service Center • Raleigh, North Carolina 27699-2704
http://www.ncdhhs.gov/dhsr/

Drexdal Pratt, Director

Beverly Eaves Perdue, Governor
Albert A. Delia, Acting Secretary

Craig R. Smith, Section Chief
Phone: (919) 855-3873
Fax: (919) 733-8139

December 6, 2012

William W. Stewart, Jr.
K&L Gates, LLP
P.O. Box 14210
Research Triangle Park NC 27709-4210

Exempt from Review - Replacement Equipment

Facility:	Rex Hospital
Project Description:	Replace a computed tomography (CT) scanner
County:	Wake
FID #:	953429

Dear Mr. Stewart:

In response to your letter of November 13, 2012, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(7). Therefore, you may proceed to acquire, without a certificate of need, the Somatom Definition AS 64-slice Excel CT scanner to replace the existing Philips Brilliance 16 Channel CT scanner [Serial # 9531]. This determination is based on your representations that the existing unit will be removed from North Carolina and will not be used again in the State without first obtaining a certificate of need. Further please be advised that as soon as the replacement equipment is acquired, you must provide the CON Section and the Medical Facilities Planning Section with the serial number of the new equipment to update the inventory, if not already provided.

Moreover, you need to contact the Construction Section to determine if they have any requirements for development of the proposed project.

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. If you have any questions concerning this matter, please feel free to contact this office.

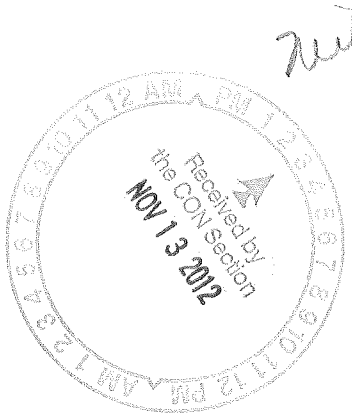
Sincerely,

Michael J. McKillip
Project Analyst

Craig R. Smith, Chief
Certificate of Need Section

cc: Construction Section, DHSR

K&L|GATES



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T 919.466.1190 www.klgates.com

William W. Stewart, Jr.
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bill.stewart@klgates.com

November 13, 2012

Via Hand Delivery
Craig R. Smith, Chief
Certificate of Need Section
Division of Health Service Regulation
N.C. Department of Health and Human Services
809 Ruggles Drive
Raleigh, NC 27603

RE: Rex Hospital, Inc. – Exemption Notice for Acquisition of Replacement CT Scanner, Wake County

Dear Mr. Smith:

Our client, Rex Hospital, Inc. ("Rex"), seeks to acquire a Somatom Definition AS 64-slice Excel Edition Computed Tomography (CT) scanner from Siemens Medical Solutions USA, Inc. ("Siemens") ("Replacement Equipment"). The Replacement Equipment will replace Rex's current Philips Brilliance 16 Channel CT scanner ("Existing Equipment"). The Existing Equipment is currently housed in CT Room Number 3 in the Radiology Department in Rex Hospital located at 4420 Lake Boone Trail in Raleigh, North Carolina. The Replacement Equipment will be located in the same room. The purpose of this letter is to provide the Agency with notice and to request a determination that Rex's purchase of the Replacement Equipment is exempt from Certificate of Need ("CON") review under the replacement equipment exemption provisions contained in N.C. Gen. Stat. § 131E-184(a)(7).

The General Assembly has chosen to exempt certain, otherwise reviewable events from CON review. Among those exemptions is the acquisition of "replacement equipment," defined as follows in the CON law:

> "Replacement equipment" means equipment that costs less than two million dollars ($2,000,000.00) and is purchased for the sole purpose of replacing comparable medical equipment currently in use which will be sold or otherwise disposed of when replaced.

See N.C. Gen. Stat. § 131E-176(22a).

To qualify for this exemption, the replacement equipment must (1) cost less than $2,000,000 and (2) be "comparable" to the equipment it replaces. In addition, the existing

equipment must be "sold or otherwise disposed of when replaced." Rex's proposal qualifies for this exemption.

A. Cost of the Replacement Equipment

The total costs to acquire, install, and make operational the Replacement Equipment is $1,360,000.00. (See Exhibit 2, Proposed Total Capital Cost; Exhibit 3, Certified Cost Estimate Letter; Exhibit 1, Quote for CT Replacement Equipment; Exhibit 4, Existing Equipment Disposal Letter) The specific construction items that are needed to install and make the Replacement Equipment operational are shown in the certified capital cost estimate provided by Rex's architect, James F. King of RGG Architects. (See Exhibit 2, Proposed Total Capital Cost; Exhibit 3, Certified Cost Estimate Letter). The construction consists of upgrading the CT room that will house the Replacement Equipment and upgrading the CT control room that will serve the Replacement Equipment. The cost for the removal of the Existing Equipment is included in the price quotation of $833,300 for the Replacement Equipment. (See Exhibits 1, 4)

In combination, the cost for acquiring the Replacement Equipment, installation of the Replacement Equipment, and removal of the Existing Equipment represents a total capital cost of $1,360,000.00. There will be no other construction costs or other capital costs associated with this replacement project. The cost is safely below the $2,000,000 threshold.

B. Comparable Equipment

The CON rule codified as 10A N.C.A.C. 14C.0303 (the "Regulation") defines "comparable medical equipment" in subsection (c) as follows:

> "Comparable medical equipment" means equipment which is functionally similar and which is used for the same diagnostic or treatment purposes.

10A N.C.A.C. 14C.0303(c).

Rex intends to use the Replacement Equipment for substantially the same CT scanner procedures for which it currently uses the Existing Equipment. The Existing Equipment is a CT scanner that was installed new at Rex in 2004. This Existing Equipment has been used for CT procedures since installation.

The Replacement Equipment will perform all procedures currently performed on the Existing Equipment. Although it possesses some expanded capabilities due to technological improvements, the Replacement Equipment will perform the same general range of CT services. The Replacement Equipment is therefore "comparable medical equipment" as defined in Subsection (c).

Furthermore, Rex does not intend to increase patient charges or per procedure operating expenses within the first 12 months after its acquisition. For further equipment comparison, please refer to Exhibit 5 (the Equipment Comparison Chart).

Subsection (d) of the regulation further provides:

> (1) it has the same technology as the equipment currently in use, although it may possess expanded capabilities due to technological improvements; and
>
> (2) it is functionally similar and is used for the same diagnostic or treatment purposes as the equipment currently in use and is not used to provide a new health service; and
>
> (3) the acquisition of the equipment does not result in more than a 10% increase in patient charges or per procedure operating expenses within the first twelve months after the replacement equipment is acquired.

10A N.C.A.C. 14C.0303(d). The Replacement Equipment will meet all three of the tests set out in Subsection (d). The Replacement Equipment satisfies the technology and functionality tests in Subsection (1) and (2) as discussed above and identified in the Comparison Chart (Exhibit 5). Moreover, Rex represents that use of the Replacement Equipment will not result in the types of expense or charge increase described in Subsection (d)(3).

C. Disposition of Equipment

As part of the proposal to acquire the Replacement Equipment from Siemens, Siemens will de-install and take as a trade-in the Existing Equipment, which will not be re-sold or re-installed in North Carolina without appropriate CON approval. See Exhibit 4.

CONCLUSION

Based on the foregoing information, Rex hereby requests that the Agency provide a written response confirming that the acquisition of the Replacement Equipment described herein is exempt from CON review. If the Agency needs additional information to assist in its consideration of this request, please apprise us as soon as possible. We thank you for your consideration of this request.

Sincerely,

William W. Stewart, Jr.

Exhibits

Exhibit 1	Price Quotation (CT Scanner)
Exhibit 2	Proposed Total Capital Cost Chart
Exhibit 3	Architect Cost Certification Letter
Exhibit 4	Removal Letter from Siemens
Exhibit 5	Equipment Comparison Chart

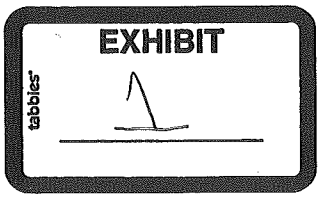
SIEMENS

Siemens Medical Solutions USA, Inc
51 Valley Stream Parkway, Malvern, PA 19355
Fax: (336) 856-9995

SIEMENS REPRESENTATIVE
Edwin Winicki - (336) 688-0978

Customer Number: 0000009446

Date: 9/20/2012



REX HOSPITAL
4420 LAKE BOONE TRAIL
RALEIGH, NC 27607-7505

Quote Number:	**1-4M85DN Rev. 1**
Terms of Payment:	**00% Down, 80% Delivery, 20% Installation** **Free On Board: Destination**
Purchasing Agreement:	**MedAssets terms and conditions apply to Quote Number 1-4M85DN**
Proposal Valid:	**12/31/2012**

Siemens SOMATOM Definition AS 64-slice Configuration Excel Edition

Qty	Part No.	Item Description
1	14420814	**SOMATOM Definition AS(64 Excel Ed.)** The SOMATOM Definition AS (AS Excel Edition, 64-slice configuration) is Siemens' state-of-the-art single source CT that offers the possibility to maximize clinical outcome and to minimize radiation dose. The ultimate goal is to provide medical professionals more time to take better care of their patients. With this, it is set to raise the standard of patient-centric productivity. Using Siemens' z-Sharp technology the SOMATOM Definition AS can provide fast sub-millimeter volume coverage and very high spatial resolution. The high rotation time of 0.33 seconds delivers excellent temporal resolution. With Siemens' new FAST - Fully Assisting Scanner Technologies - the SOMATOM Definition AS can simplify typically time consuming and complex procedures: the scanning process gets more intuitive and the results become more reproducible. Its comprehensive low dose portfolio includes many unique features like CARE kV that sets the ideal voltage for every examination or industry's first Adaptive Dose Shield that prevents clinically irrelevant over radiation in spiral scanning. Additionally, its large bore of 78 cm opens CT to all patients, meaning that virtually no patient is excluded.
1	14408329	**CT Replacement AS** SOMATOM Definition AS base configuration.
1	14420766	**SAFIRE #AWP** The Sinogram Affirmed Iterative Reconstruction (SAFIRE) enhances spatial resolution, reduces image noise and increases sharpness by introducing multiple iteration steps in the reconstruction process. The resulting superior image quality enables to reduce dose by up to 60%*. *In clinical practice, the use of SAFIRE may reduce CT patient dose depending on the clinical task, patient size, anatomical location, and clinical practice. A consultation with a radiologist and a physicist should be made to determine the appropriate dose to obtain diagnostic image quality for the particular clinical task. The following test method was used to determine a 54 to 60% dose reduction when using the SAFIRE reconstruction software. Noise, CT numbers, homogenity, low-contast resolution and high contrast resolution were assessed in a Gammex 438 phantom. Low dose data reconstructed with SAFIRE showed the same image quality compared to full dose data based on this test. Data on file.

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Edwin Winicki - (336) 688-0978

Qty	Part No.	Item Description
1	14420773	**FAST CARE Platform** Siemens' unique FAST CARE platform is set to raise the standard of patient-centric productivity. Utilizing FAST - Fully Assisting Scanner Technologies -, typically time-consuming and complex procedures during the scan process are extremely simplified and automated, not only improving workflow efficiency, but optimizing the overall clinical outcome by creating reproducible results, making diagnosis more reliable and reducing patient burden through streamlined examinations. Siemens' desire for as little radiation exposure as possible lies at the heart of the CARE - Combined Applications to Reduce Exposure - research and development philosophy offering a unique portfolio of dose saving features, many of them being introduced as industry's first.
1	14420771	**CARE Child** Dedicated pediatric CT imaging, including 70 kV scan modes and specific CARE Dose4D curves and protocols
1	14419143	**syngo 3D BoneRemoval #AWP** Simple, automated bone removal functionality for the syngo 3D application. Preconfigured algorithms for angiography and hip/pelvis fracture scenarios are included to facilitate fast removal of bone structure for three dimensional presentation and analysis of CT data.
1	14419144	**DICOM SR Viewer #AWP** The DICOM SR (structured report) Viewer allows to read reports created with specific applications (e.g. Circulation, Lung Care, Calcium Scoring and Onco) without the application itself being on the respective computer.
1	14419142	**Workstream 4D #AWP** WorkStream 4D further enhances the already superb workflow of the SOMATOM Definition AS CT system by offering direct generation of sagittal, coronal, oblique or double-oblique reconstructed images directly from CT raw data as part of the CT protocol.
1	14420824	**Standard IRS** Reconstruction computer for the preprocessing and reconstruction of the CT raw data. The reconstruction computer contains a cluster of 2 high-performance GPU boards performing the preprocessing and reconstruction of the CT data. The raw data memory is 900 GByte. The peak recon performance is 40 frames/sec.
1	14428058	**Gantry tilt incl. tilted spiral** Allows for sequential scanning with a tilted gantry between +/- 30°, depending on the vertical positio n of the table. Using the gantry tilt sensitive organs (like eye lenses) can be moved out of the scan range or it eases access during interventional procedures. The tilted spiral allows to utilize the gantry tilt for spiral scan modes.
1	14408111	**Extended Field of View #AWP** Software program with special reconstruction algorithms that allow for visualization of objects using a FOV up to 78 cm (non-diagnostic image quality). License to use software on a single unit.
1	14408152	**UHR** UHR mode delivers Ultra High resolution in plane of up to 24lp/cm for high defined imaging of small structures such as inner ear, joints or fractures of the bone
1	14408032	**Rear cover incl. gantry panels** Rear Cover including gantry control panels with control functionality from the backside.
1	14408094	**Keyboard English** Keyboard in the above-mentioned language.
1	14408022	**Cooling System Air** SOMATOM Definition AS air cooling for the dissipation of heat generated in the gantry.
1	14408031	**Cable loom 25 m** Cable loom used to connect the power distribution system (PDS) with the gantry.

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Qty	Part No.	Item Description
1	14420777	**Patient Table 2000 mm** Patient table to support up to 200cm scan range. Motor-driven table height adjustment from min. 48 cm to max. 92 cm, longitudinal movement of the tabletop 200 cm in increments of 0.5 mm, positioning accuracy +/- 0.25 mm from any direction. Horizontal scan range 200 cm. Table height can be controlled alternatively by means of foot switch (2 each on both sides of the patient table). In the case of emergency stop or power failure, the tabletop can also be moved manually in horizontal direction. Max. table load: 227 kg/500 lbs, Table feed speed: 2-200 mm/s, Distance between gantry front and table base 40 cm. Positioning aids: Positioning mattress, mattress protector, head-arm support (inclusive cushion), and non-tiltable head holders with positioning cushion set, patient restraining system for head fixation, restraining-strap set with body fixation strap that can be directly connected to the patient table top, headrest, table extension with positioning mattress, knee-leg support.
1	14408101	**Computer Desk #AWP** New CT desk to accommodate the control components and color monitor. Width: 1200 mm, Depth: 800 mm, Height: 720 mm.
1	14408102	**Computer Cabinet #AWP** New cabinet to accommodate the computer system and UPS. Matched to the design of the control console table. Width: 800 mm, Depth: 800 mm, Height: 720 mm
1	14408037	**HeartView CT** Scanning technique and program for ECG controlled data acquisition and image reconstruction with SOMATOM. The package comprises: HeartView CT option on the syngo Acquisition Workplace console for the ECG-controlled acquisition and reconstruction of artifactfree images of the heart. The ECG signal is supplied by an ECG device integrated in the gantry. The use of the software of this option is restricted to a single system unit.
1	14408036	**syngo Calcium Scoring CT #AWP** Dedicated application for the quantification of calcifications in CT images. For best results, CT images acquired with HeartView DSCT by ECG-synchronized imaging should be used. The Calcium Scoring software calculates various scores (Agatston score, volume score and calcium mass) to assess the risk of a cardiac infarct within user-defined regions for up to four coronary arteries.
1	14408038	**Cardio BestPhase Plus #AWP** Cardio BestPhase, a software dedicated to automatically detect the optimal phase for motion-less coronary visualization. The phase is defined in either end-systole, end-diastole or both timepoints and automatically reconstructed.
1	14408215	**Physiological Monitoring Module** The Physiological Monitoring Module allows to connect a 3 Channel ECG cable for ECG controlled cardiac acquisition.
1	14408040	**ECG cable IEC2 #D** ECG cable, IEC2 (AHA/US color coding).
1	14428064	**CARE Contrast III** Integrated solution for a simplified bolus injector coupling. It synchronizes scan and contrast injection and transfers the injector protocol data in the patient protocol, in the e-logbook and to MPPS (if configured).
1	M2SCT222LDF	**Stellant Dual Flow CT Inj.(Ceiling-long)**
1	M2ISI900SN	**Medrad ISI900 interface, POS**
1	CT_PM	**CT Project Management** A Siemens Project Manager (PM) will be the single point of contact for the implementation of your Siemen's equipment. The assigned PM will work with the customer's facilities management, architect or building contractor to assist you in ensuring that your site is ready for installation. Your PM will provide initial and final drawings and will coordinate the scheduling of the equipment, installation, and rigging, as well as the initiation of on-site clinical education.
1	CT_ADDL_RIG	**Additional Rigging CT $3,500**

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Qty	Part No.	Item Description
1	CT_STD_RIG_INST	**CT Standard Rigging and Installation** This quotation includes standard rigging and installation of your CT new system. Standard rigging into a room with reasonable access, as determined by Siemens Project Management, during standard working hours (Mon. - Fri./ 8 a.m. to 5 p.m.) It remains the responsibility of the Customer to prepare the room in accordance with the SIEMENS planning documents. Any special rigging requirements (Crane, stairs, etc.) and/or special site requirements (e.g. removal of existing systems, etc.) is an incremental cost and the responsibility of the Customer. All other "out of scope" charges (not covered by the standard rigging and installation) will be identified during the site assessment and remain the responsibility of the Customer.
1	APTTE4XGA24	**HARDWIRED TYPE 2 Surge protective Device**
1	CT_PR_AS64X_CC_BON	**AS64 Excel Comp Conversion Bonus**
1	CTSDEF01	**CT SLICKER; SOMATOM Definition**
1	4SPAS014	**Low Contrast CT Phantom & Holder**
1	ADAPT_DOSE_SHIELD	**Adaptive Dose Shield** Adaptive Dose Shield for spiral acquisition to eliminate pre- and post-spiral over-radiation.
1	FAST_ADJUST	**FAST Adjust** FAST Adjust: assists the user to handle system settings in a fast and easy way by automatically solving of conflicts within user defined limits by one single click on the FAST Adjust button. The limits for scan time and tube current per scan are defined via the Scan Protocol Assistant. FAST Adjust offers an undo functionality to return to previously set values.
1	FAST_SCAN_ASSIST	**FAST Scan Assistant** FAST Scan Assistant: An intuitive user interface for solving conflicts by changing the scan time, resp. the pitch and/or the maximum tube current manually.
1	CARE_DOSE4D	**CARE Dose4D** CARE Dose4D delivers the highest possible image quality at the lowest possible dose for patients - maximum detail, minimum dose. Adaptive dose modulation for up to 60% dose reduction
1	CARE_KV	**CARE kV** CARE kV: First automated, organ-sensitive voltage setting to improve image quality and contrast-to-noise-ratio while optimizing dose and potentially reducing it by up to 60%.
1	CARE_PROFLE	**CARE Profile** CARE Profile: Visualization of the dose distribution along the topogram prior to the scan
1	CARE_DASHBOARD	**CARE Dashboard** Visualization of activated dose reduction features and technologies for each scan range of an examination to analyze and manage the dose to be applied in the scan
1	CARE_DOSE_CONFIG	**CARE Dose Configurator** CARE Dose Configurator: Enhancement of Siemens' renowned real-time dose modulation CARE Dose4D, introducing new reference curves for each body region and for each body habitus allowing to adjust the configuration even more precisely to the patient's anatomy.
1	DOSE_NOTIFICATION	**Dose Notification** Dose Notification: As requested by the new release of the standard IEC 60601 3rd edition, the SOMATOM Definition AS provides the ability to set dose reference values (CTDIvol, DLP) for each scan range. If these reference values are exceeded the Dose Notification window informs the user.
1	DOSE_ALERT	**Dose Alert** Dose Alert: As requested by the new release of the standard IEC 60601 3rd edition, the SOMATOM Definition automatically adds up CTDIvol and DLP depending on z-position (scan axis). The Dose Alert window appears, if either of these cumulative values exceeds a user-defined threshold.
4	CT_CLS_NOTVL	**Training Class with T&L not included** Tuition for (1) imaging professional to attend a classroom course of choice at one of the Siemens training centers. This educational offering must be completed (12) months from install end date. If training is not completed within the applicable time period, Siemens obligation to provide the training will expire without refund.

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Qty	Part No.	Item Description
1	CT_INITIAL_32	**Initial onsite training 32 hrs** Up to (32) hours of on-site clinical education training, scheduled consecutively (Monday - Friday) during standard business hours for a maximum of (4) imaging professionals. Training will cover agenda items on the ASRT approved checklist. Uptime Clinical Education phone support is provided during the warranty period for specified posted hours. This educational offering must be completed (12) months from install end date. If training is not completed within the applicable time period, Siemens obligation to provide the training will expire without refund.
1	CT_FOLLOWUP_12	**Follow-up training 12 hrs** Up to (12) hours of follow-up on-site clinical education training, scheduled consecutively (Monday - Friday) during standard business hours for a maximum of (4) imaging professionals. Uptime Clinical Education phone support is provided during the warranty period for specified posted hours. This educational offering must be completed (12) months from install end date. If training is not completed within the applicable time period, Siemens obligation to provide the training will expire without refund.
2	CT_ADD_24	**Additonal onsite training 24 hours** Up to (24) hours of on-site clinical education training, scheduled consecutively (Monday - Friday) during standard business hours for a maximum of (4) imaging professionals. Training will cover agenda items on the ASRT approved checklist if applicable. This educational offering must be completed (12) months from install end date. If training is not completed within the applicable time period, Siemens obligation to provide the training will expire without refund.
1	14408302	**Adapt. 3D Intervent. Suite Wireless (Full** The complete solution for 2D and 3D non fluoroscopic and 2D fluoroscopic minimal invasive volume interventions. The Adaptive 3D Intervention Suite contains Adaptive 3D Intervention for 3D volume intervention. Intervention Pro for spiral and sequential non- fluoroscopic interventional procedures and complete organ coverage with maximal flexibility and with minimal single click effort i-Fluoro CT for CT allows for 2 dimensional interventional fluoroscopic procedures i-Control CT supports interventional procedures as independent remote unit Foot switch for radiation release (x-ray).
1	14420921	**Table Side Rails** Side rails enable the quick and easy attachment of additional accessories such as an infusion bottle holder and i-control intervention module to the standard patient table.
1	14408105	**Dual 19" Monitor #AWP** Second 19-inch monitor for the Acquisition workplace (AWP)
1	14408324	**Ceiling Kit for Second Monitor** Ceiling Support for accommodation and safe installation of two flat screen monitors in the examination room. The space-saving ceiling installation along with the large movement range of the support allows maximum operating convenience when positioning the monitors.
1	14408307	**Ceiling Support Intervention** Ceiling support for the accommodation and safe installation of one or two flat screen monitors in the examination room for room heights from 2640 mm to 3680 mm.
2	14408319	**19" flat screen monitor** The 19" monitor option supports CT interventions and CT fluoroscopy with a display in the examination room.
1	14408305	**Monitor CART Intervention** Mobile equipment cart for the accommodation and safe installation of one monitor in the examination room

System Total: $ 833,300

FINANCING: The equipment listed above may be financed through Siemens. Ask us about our full range of financial products that can be tailored to meet your business and cash flow requirements. For further information, please contact your local Sales Representative.

PROPOSED TOTAL CAPITAL COST OF PROJECT

Project Name: CT Scanner Replacement

Provider/Company: Rex Hospital, Inc.

A. **Site Costs**

(1) Full purchase price of land.....		$_____
Acres _____ Price per Acre	$_____	
(2) Closing costs.....		$_____
(3) Site Inspection and Survey.....		$_____
(4) Legal fees and subsoil investigation		$_____
(5) Site Preparation Costs		
Soil Borings.....	$_____	
Clearing-Earthwork...	$_____	
Fine Grade For Slab...	$_____	
Roads-Paving.....	$_____	
Concrete Sidewalks....	$_____	
Water and Sewer.....	$_____	
Footing Excavation....	$_____	
Footing Backfill.....	$_____	
Termite Treatment....	$_____	
Other (Specify).....	$_____	
Sub-Total Site Preparation Costs		$_____
(6) Other (Specify)		$ 6,000.00 – Demolition
(7) **Sub-Total Site Costs**		$ 6,000.00

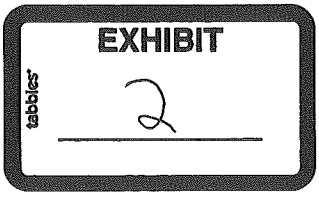
B. **Construction Contract**

(8) Cost of Materials			
General Requirements	$ 20,000.00		
Concrete/Masonry	$_____		
Woods/Doors & Windows/Finishes	$ 50,000.00		
Thermal & Moisture Protection	$_____		
Equipment/Specialty Items	$_____		
Mechanical/Electrical	$ 75,000.00		
Other (Specify)	$_____		
Sub-Total Cost of Materials.....		$145,000.00	
(9) Cost of Labor.....		$250,000.00	
(10) Other (Specify).....		$_____	
(11) **Sub-Total Construction Contract**		$395,000.00*See attached certified cost estimate	

C. **Miscellaneous Project Costs**

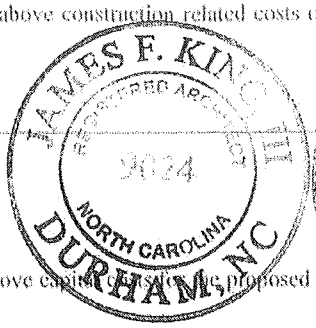
(12) Building Purchase.....		$_____	
(13) Fixed Equipment Purchase/Lease		$833,300.00	
(14) Movable Equipment Purchase/Lease		$_____	
(15) Furniture		$ 26,700.00	
(16) Landscaping		$_____	
(17) Consultant Fees			
Architect and Engineering Fees	$ 80,000.00		
Legal Fees.....	$_____		
Market Analysis.....	$_____		
Other (Specify) (Staff Costs)	$_____		
Other (Specify).....	$ 2,000.00 – Express review		
	$ 2,000.00 – DHSR inspection		
Sub-Total Consultant Fees.....		$ 84,000.00	
(18) Financing Costs (e.g. Bond, Loan, etc.).		$_____	
(19) Interest During Construction.		$_____	
(20) Other (Specify)		$ 15,000.00 - IT	
(21) **Sub-Total Miscellaneous..**		$959,000.00	

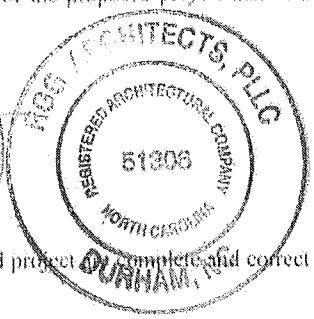
(22) **Total Capital Cost of Project** (Sum A-C above) $1,360,000.00



I certify that, to the best of my knowledge, the above construction related costs of the proposed project named above are complete and correct.* See attached Certified Cost Estimate

(Signature of Licensed Architect or Engineer)





I assure that, to the best of my knowledge, the above capital costs for the proposed project are complete and correct and that it is my intent to carry out the proposed project as described.

(Signature of Officer Authorized to Represent Provider/Company)

CFO

(Title of Officer)

RGG ARCHITECTS

October 11, 2012

EXHIBIT
tabbies
3

Will Pittman
Rex Healthcare
4420 Lake Boone Trail
Raleigh, North Carolina 27607

Re: **Cost Certification**
Rex Computed Tomography (CT) Room 3 Equipment Replacement

Dear Mr. Pittman:

At your request, I have reviewed the scope of work for the Computed Tomography (CT) Room 3 equipment replacement project proposed for Rex Hospital in Raleigh, NC.

As a licensed architect in the State of North Carolina, I have reviewed the construction costs for this project and hereby certify, to the best of my knowledge, information, and belief, the estimated costs are complete and reasonable. Based on historical cost data, our experience with costs on comparative health care projects, and published construction costing data, the probable cost for the general construction is $395,000.

If RGG Architects may assist you further with this project or you need any additional information, please contact me.

Sincerely,
RGG Architects, PLLC

James F. King, III AIA
Project Architect

SIEMENS

November 7, 2012

Rex Hospital
Attn: Steve Finch
Director of Diagnostics Services
Rex Hospital
Raleigh, NC 27607

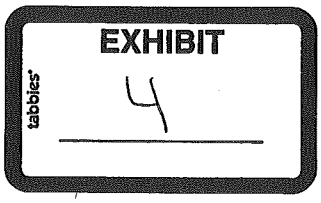
Dear Steve Finch,

The purpose of this letter is to confirm that Siemens Medical Solutions USA, Inc.(Siemens) will be responsible for removing your Philips Brilliance 16 Channel CT Scanner Serial Number 9531("existing equipment") installed at Rex Hospital in Raleigh, NC as part of your purchase of a Siemens Somaton Definition AS 64-slice Excel Edition CT system. The cost for the deinstallation and removal is included in the price quotation for the replacement equipment, which totals $833,300. There are no additional costs for deinstallation and removal.

We will work closely with you to ensure proper timing of the deinstallation. It is understood that Siemens will take possession of the existing equipment and will permanently remove it from the State of North Carolina. Siemens will not sell the existing equipment to any North Carolina facility unless the facility has the appropriate Certificate of Need approval as required by the State of North Carolina.

Sincerely,

Edwin Winicki
Key Account Executive
Siemens Healthcare, USA



Siemens Healthcare, USA
51 Valley Stream Parkway
Malvern, PA 19351

www.SiemensMedical.com

EQUIPMENT COMPARISON

	EXISTING EQUIPMENT	REPLACEMENT EQUIPMENT
Type of Equipment (List Each Component)	16 Channel CT scanner	64 Channel CT scanner
Manufacturer of Equipment	Philips	Siemens
Tesla Rating for MRIs	NA	NA
Model Number	Brilliance 16 Channel	Somatom Definition AS (64 Excel Edition)
Serial Number	9531	Unknown
Provider's Method of Identifying Equipment	Serial number	Serial number
Specify if Mobile or Fixed	Fixed	Fixed
Mobile Trailer Serial Number/VIN #	N/A	N/A
Mobile Tractor Serial Number/VIN #	N/A	N/A
Date of Acquisition of Each Component	1/03/04	Pending Agency Approval
Does Provider Hold Title to Equipment or Have a Capital Lease?	Own	Own
Specify if Equipment was/Is New or Used When Acquired	New	New
Total Capital Cost of Project (Including Construction, etc.) <Use Attached Form>	Unkown	$1,360,000
Total Cost of Equipment		$833,300
Fair Market Value of Equipment	Salvage	$833,300
Locations Where Operated	Rex Hospital Raleigh, NC	Rex Hospital Raleigh, NC
Number of Days in Use/To Be Used in N.C. Per Year	365	365
Percent of Change in Patient Charges (by Procedure)	N/A	Less than 10%
Percent of Change in Per Procedure Operating Expenses (by Procedure)	N/A	Less than 10%
Type of Procedures Currently Performed on Existing Equipment	CT scans	
Type of Procedures New Equipment is Capable of Performing		CT scans