

North Carolina Department of Health and Human Services
Division of Health Service Regulation

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

August 12, 2014

Kenneth L. Burgess
301 Fayetteville Street, Suite 1900
Raleigh, NC 27601

Exempt from Review – Acquisition of Facility

Facility: The Homestead at MedWest
Type of Facility: Hospice
Acquisition by: DLP Haywood Regional Medical Center, Inc.
County: Haywood
FID #: 090428

Dear Mr. Burgess:

In response to your letter of June 30, 2014, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(8). Therefore, DLP Haywood Regional Medical Center, Inc. may proceed to acquire the above referenced health service facility without first obtaining a certificate of need. However, you need to contact the Acute and Home Care Licensure and Certification Section of the Division of Health Service Regulation to obtain instructions for changing ownership of the existing facility. 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. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

Julie Halatek
Project Analyst

Martha J. Frisone, Interim Chief
Certificate of Need Section

cc: Medical Facilities Planning Branch, DHSR
Acute and Home Care Licensure and Certification Section, DHSR



Certificate of Need Section

www.ncdhhs.gov

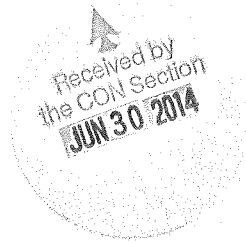
Telephone: 919-855-3873 • Fax: 919-733-8139

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

An Equal Opportunity/ Affirmative Action Employer





June 30, 2014

Kenneth L. Burgess
Partner
D: 919.783.2917
F: 919.783.1075
kburgess@poynerspruill.com

Via Hand Delivery

Ms. Martha Frisone
Acting 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: Notice of Exempt Acquisition of an Existing Health Care Facility and Request for No Review Determination: Acquisition of The Homestead at MedWest Hospice Inpatient Facility (FID #090428)

Dear Ms. Frisone:

Our firm represents DLP Haywood Regional Medical Center, Inc. ("DLP Haywood") and DLP Healthcare, LLC ("DLP Healthcare"). We are providing this letter pursuant to N.C. Gen. Stat. § 131E-184(a)(8) to inform the Certificate of Need Section ("CON Section") that DLP Haywood proposes to acquire ownership and control of substantially all of the assets of The Homestead at MedWest hospice inpatient facility ("Homestead Hospice"), located in Clyde, North Carolina. As you are probably aware, Homestead Hospice is a licensed hospice inpatient facility (Lic. No. H0S3825), which is licensed to Haywood Regional Medical Center.

DLP Haywood and Haywood Regional Medical Center, a North Carolina Hospital Authority ("the Authority") will enter into an asset purchase agreement pursuant to which DLP Haywood will acquire all of the assets of Homestead Hospice. The Authority is a North Carolina Hospital Authority established pursuant to N.C. Gen. Stat. section 131E, Part B. DLP Haywood is a Delaware corporation authorized to do business in North Carolina and is a related entity to DLP Healthcare. DLP Healthcare is a joint venture between Duke Quality Network, Inc. (a wholly-controlled affiliate of Duke University Health System, Inc.) and DLP Partner, LLC, a Delaware company which is a related entity to LifePoint Hospitals, Inc., a publicly-traded company that operates 61 hospital campuses in 20 states. An organizational chart depicting the post-closing corporate ownership structure is attached for your convenience.

DLP Healthcare was formed for the purpose of strengthening and improving the delivery of healthcare services throughout North Carolina and the surrounding regions by creating flexible affiliation options for community hospitals. DLP Healthcare currently has affiliation and/or joint ownership arrangements with other North Carolina community hospitals.

As previously noted, in the proposed transaction, DLP Haywood will acquire ownership and control of all of the assets of Homestead Hospice. A hospice inpatient facility is an existing health service facility as defined under North Carolina's Certificate of Need Law at N.C. Gen. Stat. § 131E-176(9b). The Certificate of Need Law provides that, upon receiving prior written notice, the CON Section shall exempt

Ms. Martha Frisone
Acting Chief, CON Section
June 30, 2014
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from CON review the acquisition of "an existing health service facility, including equipment owned by the health service facility at the time of acquisition." N.C. Gen. Stat. § 131E-184(a)(8).

The purpose of this letter is to serve as the prior written notice required by that statutory provision. Accordingly, we would appreciate receiving written confirmation that DLP Haywood's proposed transaction whereby it will acquire ownership of the assets of Homestead Hospice, as described herein, is exempt from CON review.

Thank you in advance for your prompt consideration of this request. The parties wish to close the proposed transaction on or about July 31, 2014, and we request a response from you before that time, if possible.

Please contact us if you have questions or need any additional information.

With best regards, I am

Very truly yours,



Kenneth L. Burgess
Partner

Enclosures

cc: (via e-mail, w/ enclosure)
Caitlyn Whitney, Esq., Counsel for DLP Healthcare
Christy Gudaitis, Esq., Counsel for Duke
Jennifer Peters, Esq., Counsel for LifePoint

State of North Carolina

Department of Health and Human Services
Division of Health Service Regulation

Effective January 01, 2014, this license is issued to
Haywood Regional Medical Center

to operate a hospice known as
The Homestead at MedWest

located at 127 Sunset Ridge Road
City of Clyde, North Carolina, Haywood County.

This license is issued subject to the statutes of the
State of North Carolina, is not transferable and shall expire
Midnight, December 31, 2014.

Facility ID: 090428

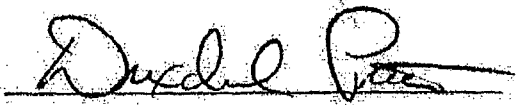
License Number: HOS3825

Hospice Services
Inpatient Beds: 6

Authorized by:


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




Director, Division of Health Service Regulation

DLP HEALTHCARE, LLC

Duke Quality Network, Inc.
3%

Governors:
William J. Fulkerson, M.D. (Class A)
Leif M. Murphy (Class B)
David M. Dill (Class B)
Jeffrey G. Seraphine (Class B)

Officers:
Jeffrey G. Seraphine – President
Thomas H. Butler, Jr. – Chief Financial Officer
Victor Giovannetti – Chief Operations Officer
Michael S. Coggain – Sr. Vice President and Treasurer
Christopher J. Monte – Vice President
Christy S. Green – Vice President and Secretary

DLP Partner, LLC
97%

DLP Cardiac Partners, LLC (DE)
(mobile cardiac catheterization lab)
100%

Blue Ridge Cardiology Services, LLC (NC)
50%

Grace Hospital (non-affiliated)

DLP Parson Memorial Hospital, LLC (DE)
(for-profit, not-for-profit)
100%

DLP Person Physician Practices, LLC (DE)
100%

DLP Harwood Regional Medical Center, Inc. (DE)
100%

DLP Farms Regional Hospital, LLC (DE)
100%

DLP Western Carolina Physician Practices, LLC (DE)
100%

DLP Swain County Hospital, LLC (DE)
100%

DLP Marquette Holding Company, LLC (DE)
100%

DLP Marquette General Hospital, LLC (MI)
(St. Joseph's Marquette, MI)
100%

DLP Marquette Physician Practices, Inc. (MI Nonprofit)
100%

DLP Marquette Health Plan, LLC (DE)
(holds health plan interests)
100%

DLP Marquette JV, LLC (DE)
(holds other JV interests)
100%

DLP Ruthenford Regional Medical Center, LLC (DE)
80%

DLP Ruthenford Physician Practices, LLC (DE)
100%

Ruthenford entity (non-affiliated)

Wilson Medical Center (non-affiliated)
20%

DLP Wilson Holding Company, LLC (DE)
80%

DLP Wilson Medical Center, Inc. (DE)
100%

DLP Wilson Physician Practices, LLC (DE)
100%

DLP Wilmed Nursing Care and Rehabilitation Center, Inc. (DE)
100%

DLP Twin County Holding Company, LLC (DE)
80%

DLP Twin County Regional Healthcare, LLC (DE)
100%

DLP Twin County Physician Practices, LLC
100%

TORH Group, Inc. (non-affiliated)
20%

DLP Marie Parham Medical Center, LLC (DE)
80%

DLP Marie Parham Physician Practices,
100%

Henderson/Vance Healthcare, Inc. (non-affiliated)
20%