



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

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August 12, 2014

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

**Exempt from Review – Acquisition of Facility**

Facility: Haywood Regional Medical Center  
Type of Facility: Hospital  
Acquisition by: DLP Haywood Regional Medical Center, Inc.  
County: Haywood  
FID #: 933234

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](http://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

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Received by  
the CON Section  
JUN 30 2014

Poyner Spruill<sup>LLP</sup>

June 30, 2014

Kenneth L. Burgess  
Partner  
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[kburgess@poynerspruill.com](mailto: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 Haywood Regional Medical Center (FID #933234)**

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 Haywood Regional Medical Center ("Haywood Regional"), located in Clyde, North Carolina. As you are probably aware, Haywood Regional is an acute care hospital (Lic. No. H0025), with one hundred fifty-three (153) general acute care beds; sixteen (16) inpatient psychiatric beds; twenty (20) skilled nursing beds; seven (7) shared surgical operating rooms and three (3) dedicated endoscopy rooms. Haywood Regional is licensed to Haywood Regional Medical Center, a North Carolina Hospital Authority.

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 Haywood Regional. 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 Haywood Regional, including the acute care hospital which 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  
Page 2

Poyner Spruill<sup>LLP</sup>

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 and control of Haywood Regional's assets, 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 Ctr., A NC Hospital Authority*

*to operate a hospital known as  
MedWest Haywood  
located in Clyde, North Carolina, Haywood County.*

*This license is issued subject to the statutes of the  
State of North Carolina, is not transferable and shall remain  
in effect until amended by the issuing agency.*

*Facility ID: 933234  
License Number: H0025*

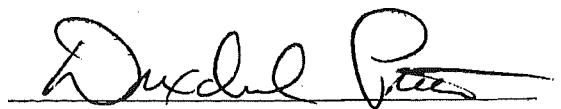
**Bed Capacity: 189**  
*General Acute-153, Psych 16,*

**Dedicated Inpatient Surgical Operating Rooms: 0**  
**Dedicated Ambulatory Surgical Operating Rooms: 0**  
**Shared Surgical Operating Rooms: 7**  
**Dedicated Endoscopy Rooms: 3**

Authorized by:



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



Director, Division of Health Service Regulation

# DLP HEALTHCARE, LLC

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Duke Quality Network, Inc. 3%

DLP Partner, LLC 97%

