



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

December 12, 2014

Rebecca Carter  
P.O. Drawer 9  
Spruce Pine, NC 28777

**No Review**

Facility or Business: Blue Ridge Regional Hospital

Project Description: Relocate an existing, licensed GI endoscopy suite to a physician office building located on the hospital campus where it will continue to be included on the hospital's license

County: Mitchell  
FID #: 953466

Dear Ms. Carter:

The Certificate of Need Section (CON Section) received your letter on November 12, 2014, regarding the above referenced proposal. Based on the CON law **in effect on the date of this response to your request**, the proposal described in your correspondence is not governed by, and therefore, does not currently require a certificate of need. However, please note that 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.

Moreover, you need to contact the Construction and Acute and Home Care Licensure and Certification Sections of the Division of Health Service Regulation to determine if they have any requirements for development of the proposed project.

It should be noted that this determination is binding only for the facts represented by you. Consequently, if changes are made in the project or in the facts provided in your correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by the Certificate of Need Section. Changes in a project include, but are not limited to: (1) increases in the capital cost; (2) acquisition of medical equipment not included in the original cost estimate; (3) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.



**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

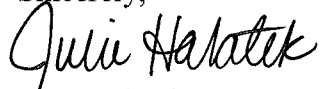
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Rebecca Carter  
December 12, 2014  
Page 2

Please contact the CON Section if you have any questions. Also, in all future correspondence you should reference the Facility I.D. # (FID) if the facility is licensed.

Sincerely,



Julie Halatek  
Project Analyst



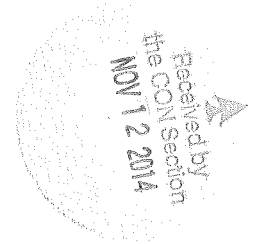
Martha J. Frisone, Interim Chief  
Certificate of Need Section

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



**BLUE RIDGE**  
**REGIONAL HOSPITAL**  
A MEMBER OF MISSION HEALTH

October 31, 2014



Martha Frisone, Interim Chief  
N.C. Department of Health & Human Services  
Division of Health Service Regulation  
Certificate of Need Section  
2704 Mail Service Center  
Raleigh, NC 27699-2704

Re: Notice of Exemption and Request for No Review Confirmation – Blue Ridge  
Regional Hospital Relocation of Endoscopy Suite

Dear Ms. Frisone:

Blue Ridge Regional Hospital (“BRRH”) submits this notice of exemption and request for no review confirmation regarding its proposed relocation of one existing, licensed endoscopy suite from the BRRH main building into a previously-approved physician office building constructed adjacent to the hospital on the hospital’s campus. BRRH requests that the Certificate of Need Section issue written confirmation that the proposed relocation of the existing, licensed endoscopy suite to the physician office building does not constitute a new institutional health service or require a certificate of need.

**1. Medical Office Building**

On April 30, 2014, the CON Section issued an exemption determination to TKC Land Development II, LLC, confirming that its proposed development of a 30,000 square foot physician office building on the campus of BRRH was exempt from certificate of need review pursuant to N.C.G.S. § 131E-184(a)(9). A copy of the CON Section’s exemption determination is attached as Attachment A. The project included the construction of space to house physician offices and specialty clinics, as well as parking for health care providers and the general public.

The previously-approved physician office building being constructed by TKC Land Development II, LLC is located adjacent to the BRRH facility, in space previously occupied by a parking lot. BRRH owns the land on which the building is being located, and has a membership interest in the LLC that is the building’s owner. The BRRH facility and the physician office building are separated only by parking spaces; no public right-of-ways are located between the BRRH facility and the physician office building. The attached aerial site plan shows the location of the physician office building in comparison to the BRRH facility (Attachment B). As

depicted on Attachment B, the main hospital building appears on the left-hand side of the photograph, while the new MOB is highlighted in turquoise for easy identification.

## **2. Relocation of Existing Endoscopy Suite**

BRRH operates one licensed gastrointestinal endoscopy room within the BRRH facility. The licensed endoscopy room is primarily used to provide services to outpatients. (*See Attachment C, excerpt from BRRH's 2014 Licensure Renewal Application.*) To better serve these patients, BRRH proposes to relocate its licensed endoscopy room from the BRRH facility into leased space in the physician office building located adjacent to the BRRH facility.

Relocating the existing, licensed gastrointestinal endoscopy room out of the hospital facility will provide greater convenience to BRRH's patients. Patients who require an outpatient gastrointestinal endoscopy procedure will no longer have to navigate the hospital, but can instead more quickly and conveniently access these outpatient services. Given the importance of colonoscopies and other gastrointestinal endoscopy procedures as screening tools for cancer and other health conditions, removing barriers to patient access is an important goal. As for the small number of inpatients who require gastrointestinal endoscopy procedures, those patients can be accommodated in BRRH's operating rooms.

BRRH will lease space on the second floor of the physician office building from TKC Land Development II, LLC under an operating lease. BRRH will remain the owner and licensed operator of the endoscopy room, and upon relocation, the endoscopy room will be subject to the same financial and administrative control by BRRH as applies to its current location within the main hospital building. BRRH will also continue to report the endoscopy room on its license renewal form and to include the endoscopy room on its hospital license. In short, the ownership, licensure, and operation of the endoscopy suite will remain the same; only the physical location on BRRH's campus will change. A floor plan showing the space in the medical office building to which the endoscopy suite will be relocated is included as Attachment D.

The relocation of the existing, licensed endoscopy suite from the hospital into leased space in the physician office building will require upfitting 3,096 square feet of leased space to contain the endoscopy room, pre- and post-procedure rooms, waiting space, the decontamination and cleaning area, and staff support space. The space will be upfit to comply with hospital outpatient department and endoscopy suite licensure standards, and will be operated as a hospital outpatient department. The costs associated with the upfit are reflected on Attachment E. BRRH estimates the total costs to be \$1,030,319.

Also, BRRH currently has one set of processors and monitors for endoscopy cases; that set of equipment will remain in the hospital for use in the OR for any inpatient cases, and a new set of processors and monitors will be purchased for the relocated endoscopy room. The total cost of all equipment for the endoscopy suite, including new processors and monitors, is

\$462,235, well below the \$750,000 threshold for “major medical equipment” as that term is defined at N.C.G.S. § 131E-176(14o). *See* Attachment E. BRRH will not be adding or developing any new institutional health service as a part of the relocation of the existing, licensed endoscopy suite.

BRRH plans to use the vacated space in the hospital to create a general procedure room. This room will not be used for endoscopies but for other types of procedures. The general procedure room will be upfit and used in accordance with Mr. Drexdal Pratt’s letter to Frank Kirschbaum dated November 27, 2012. (Attachment F) BRRH will submit upfit plans to the Construction Section to obtain the appropriate review and approval of the space and proposed upfit for the new general procedure room.

BRRH’s relocation of the existing, licensed gastrointestinal endoscopy room does not constitute a “new institutional health service” as that term is defined at N.C.G.S. § 131E-176(16), for the following reasons:

- The existing, licensed gastrointestinal endoscopy room is being relocated “on the same grounds or to grounds not separated by more than a public right of way adjacent to the grounds where the . . . gastrointestinal endoscopy room is currently located.” N.C.G.S. § 131E-176(16)u; *see* Attachment B.
- BRRH does not propose to acquire major medical equipment as part of the project; to construct, develop, or otherwise establish a new health service facility; or to develop or acquire any regulated equipment or service as part of this relocation.
- The costs associated with the proposed relocation of the existing, licensed gastrointestinal endoscopy room fall well below the \$2 million threshold at N.C.G.S. § 131E-176(16)b. Even if BRRH’s proposed costs equaled or exceeded \$2 million, however, the project would meet the requirements for the exemption at N.C.G.S. § 131E-184(g) because:
  - (1) The medical office building into which BRRH plans to relocate its existing, licensed endoscopy room is located on the hospital’s main campus, as defined at N.C.G.S. 131E-176(14n). The building is located across the parking lot from the main hospital building, on BRRH’s campus, the site from which BRRH does and will exercise financial and administrative control over the endoscopy room.
  - (2) The sole purpose of the capital expenditure associated with this project is to replace BRRH’s existing, licensed endoscopy room at a different physical location on its main campus.

Martha Frisone, Chief

October 31, 2014

Page 4

- (3) The project will not result in a change in bed capacity or the addition of a health service facility or any other new institutional health service.
- (4) BRRH submits this notice and supporting documentation to the CON Section.

We would appreciate receiving written confirmation that BRRH's proposed relocation of its existing, licensed endoscopy room to leased space in a previously-approved physician office building, as described herein, is exempt from CON review. If you have any questions or need any additional information, please contact us.

Sincerely,



Rebecca Carter  
CNO/COO Blue Ridge Regional Hospital

Enclosures



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

April 30, 2014

Kenneth R. Beuley  
5935 Carnegie Boulevard, Suite 200  
Charlotte, NC 28209

**Exempt from Review – Physician Office Building**

Provider: TKC Land Development II, LLC  
Project Description: Develop a 30,000 square foot physician office building on the campus of Blue Ridge Regional Hospital  
County: Mitchell

Dear Mr. Beuley:

In response to your letter of March 20, 2014, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(9). Therefore, you may proceed to offer, develop or establish the above referenced project without a certificate of need.

However, you need to contact the Construction and the Acute and Home Care Licensure and Certification Sections of the Division of Health Service Regulation to determine if they have any requirements for development of the proposed physician office.

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

**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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*Julie*



**THE KEITH CORPORATION**

Received by  
the CON Section  
MAR 31 2014

March 20, 2014

Ms. Martha Frisone, Interim Chief  
Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Services  
Raleigh, NC 27699-2704

Via FedEx

RE: TKC Land Development II, LLC Medical Office Building Exemption Request

Dear Ms. Frisone:

TKC Land Development II, LLC proposes to construct a medical office building (MOB) on the campus of Blue Ridge Regional Hospital in Spruce Pine. The MOB will be approximately 30,000 square feet. The building is expected to house offices for family medicine, women's health, cardiac rehabilitation, specialty clinics, a shared lobby and parking for physicians and the general public. TKC Land Development II, LLC does not plan to develop or offer any new institutional health services in the MOB. If, in the future, a tenant decides to develop any new institutional health services (NIHS) in the MOB, the tenant will be responsible for seeking CON Section approval.

TKC Land Development II, LLC requests a determination that construction of the proposed medical office building is exempt from CON review in accordance with North Carolina G.S. 131E-184(a)(9).

Please let me know if I can provide further information for your review.

Sincerely,

Kenneth R. Beuley  
Director of Development & CFO

*Real Estate Development / Brokerage / Management Services*

5935 Carnegie Boulevard, Suite 200 • Charlotte, North Carolina 28209  
Telephone 704 365-6000 • Facsimile 704 365-0733 • [www.thekeithcorp.com](http://www.thekeithcorp.com)



REC'D DEC 04 2013

North Carolina Department of Health and Human Services  
Division of Health Service Regulation  
Acute and Home Care Licensure and Certification Section  
1205 Umstead Drive, 2712 Mail Service Center  
Raleigh, North Carolina 27699-2712  
Telephone: (919) 855-4620 Fax: (919) 715-3073

**For Official Use Only**

License # H0169 Medicare # 340011  
Computer: 953466  
PC \_\_\_\_\_ Date \_\_\_\_\_

License Fee: \$1,055.00

**2014  
HOSPITAL LICENSE  
RENEWAL APPLICATION**

Legal Identity of Applicant: Blue Ridge Regional Hospital, Inc.  
(Full legal name of corporation, partnership, individual, or other legal entity owning the enterprise or service.)

Doing Business As  
(d/b/a) name(s) under which the facility or services are advertised or presented to the public:

PRIMARY: Blue Ridge Regional Hospital, Inc

Other: \_\_\_\_\_

Other: \_\_\_\_\_

Facility Mailing Address: P O Drawer 9  
Spruce Pine, NC 28777

Facility Site Address: 125 Hospital Drive  
Spruce Pine, NC 28777

County: Mitchell  
Telephone: (828)765-4201  
Fax: (828)765-0824

Administrator/Director: Oscar Weinmeister

Title: CEO

(Designated agent (individual) responsible to the governing body (owner) for the management of the licensed facility)

**PAID**

CK NO. 6665  
DATE 12-5-13

Chief Executive Officer: Oscar Weinmeister

Title: President / CEO

(Designated agent (individual) responsible to the governing body (owner) for the management of the licensed facility)

Name of the person to contact for any questions regarding this form:

Name: Sonya Rennick Telephone: 828-765-1740

E-Mail: sonya.rennick@msj.org

Primary National Provider Identifier (NPI) registered at NPPES 1679570840

If facility has more than one "Primary" NPI, please provide \_\_\_\_\_

For questions regarding NPI contact Azzie Conley at (919) 855-4646.

All responses should pertain to October 1, 2012 through September 30, 2013.

**8. Surgical Operating Rooms, Procedure Rooms, Gastrointestinal Endoscopy Rooms, Surgical and Non-Surgical Cases and Procedures**

**NOTE:** If this License includes more than one campus, please copy pages 8 and 9 for each site. Submit the Cumulative Totals and submit a duplicate of pages 8 and 9 for each campus.

(Campus – If multiple sites: \_\_\_\_\_)

**a) Surgical Operating Rooms**

Report Surgical Operating Rooms built to meet the specifications and standards for operating rooms required by the Construction Section of the Division of Health Services Regulation, and which are fully equipped to perform surgical procedures. These surgical operating rooms include rooms located in Obstetrics and surgical suites.

Type of Room	Number of Rooms
Dedicated Open Heart Surgery	0
Dedicated C-Section	0
Other Dedicated Inpatient Surgery	0
Dedicated Ambulatory Surgery	0
Shared - Inpatient / Ambulatory Surgery	3
<b>Total of Surgical Operating Rooms</b>	<b>3</b>

Number of additional CON approved surgical operating rooms pending development: 0

CON Project ID Number(s) NA

**b) Procedure Rooms (Excluding Operating Rooms and Gastrointestinal Endoscopy Rooms)**

Report rooms, which are not equipped for or do not meet all the specifications for an operating room, that are used for performance of procedures other than Gastrointestinal Endoscopy procedures.

Total Number of Procedure Rooms: 0

**c) Gastrointestinal Endoscopy Rooms, Cases and Procedures:**

Report the number of Gastrointestinal Endoscopy rooms and the Endoscopy cases and procedures performed only in these rooms during the reporting period.

Total Number of existing Gastrointestinal Endoscopy Rooms: 1

Number of additional CON approved GI Endoscopy Rooms pending development: 0

CON Project ID Number(s) NA

	Number of Cases Performed In GI Endoscopy Rooms		Number of Procedures* Performed in GI Endoscopy Rooms	
	Inpatient	Outpatient	Inpatient	Outpatient
<b>GI Endoscopy**</b>	30	609	39	712
<b>Non-GI Endoscopy</b>	0	0	0	0
<b>Totals</b>	30	609	39	712

Count each patient as one case regardless of the number of procedures performed while the patient was in the GI endoscopy room.

\*As defined in 10A NCAC 14C .3901 "Gastrointestinal (GI) endoscopy procedure" means a single procedure, identified by CPT code or ICD-9-CM procedure code, performed on a patient during a single visit to the facility for diagnostic or therapeutic purposes.

**Blue Regional Hospital MOB**  
**Endoscopy Cost Breakdown**  
10/31/2014

3096 sf

Construction upfit	\$	513,895
Equipment	\$	462,235
Furnishings	\$	23,613
Architecture/Engineering	\$	29,257
Interior Design	\$	<u>1,318</u>
	\$	<b>1,030,319</b>



North Carolina Department of Health and Human Services  
Division of Health Service Regulation  
Office of the Director

2701 Mail Service Center • Raleigh, North Carolina 27699-2701  
<http://www.ncdhhs.gov/dhst/>

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

Drexdal Pratt, Director  
Phone: 919-855-3750  
Fax: 919-733-2757

November 27, 2012

Mr. Frank Kirschbaum  
Nexsen Pruet, LLC  
4141 Parklake Avenue, Suite 200  
Raleigh, NC 27612

RE: Surgical Care Affiliates v. DHHS, 12 CVS 09409 and 12 CVS 010478

Dear Mr. Kirschbaum,

Subject to any applicable statutory dollar thresholds, The North Carolina Department of Health And Human Services, Division of Health Service Regulation, has determined that procedure rooms will solely be regulated in licensed ambulatory surgical facilities and hospitals, and only to the extent required to ensure that such procedure rooms meet the requirements of the Federal Life Safety Code as referenced in the North Carolina Administrative Code. Neither the Acute and Home Care Licensure and Certification Section, nor the Construction Section will require any determination from the Certificate of Need Section prior to authorizing the use or establishment of a procedure room.

Sincerely,

Drexdal Pratt, Director  
Division of Health Service Regulation

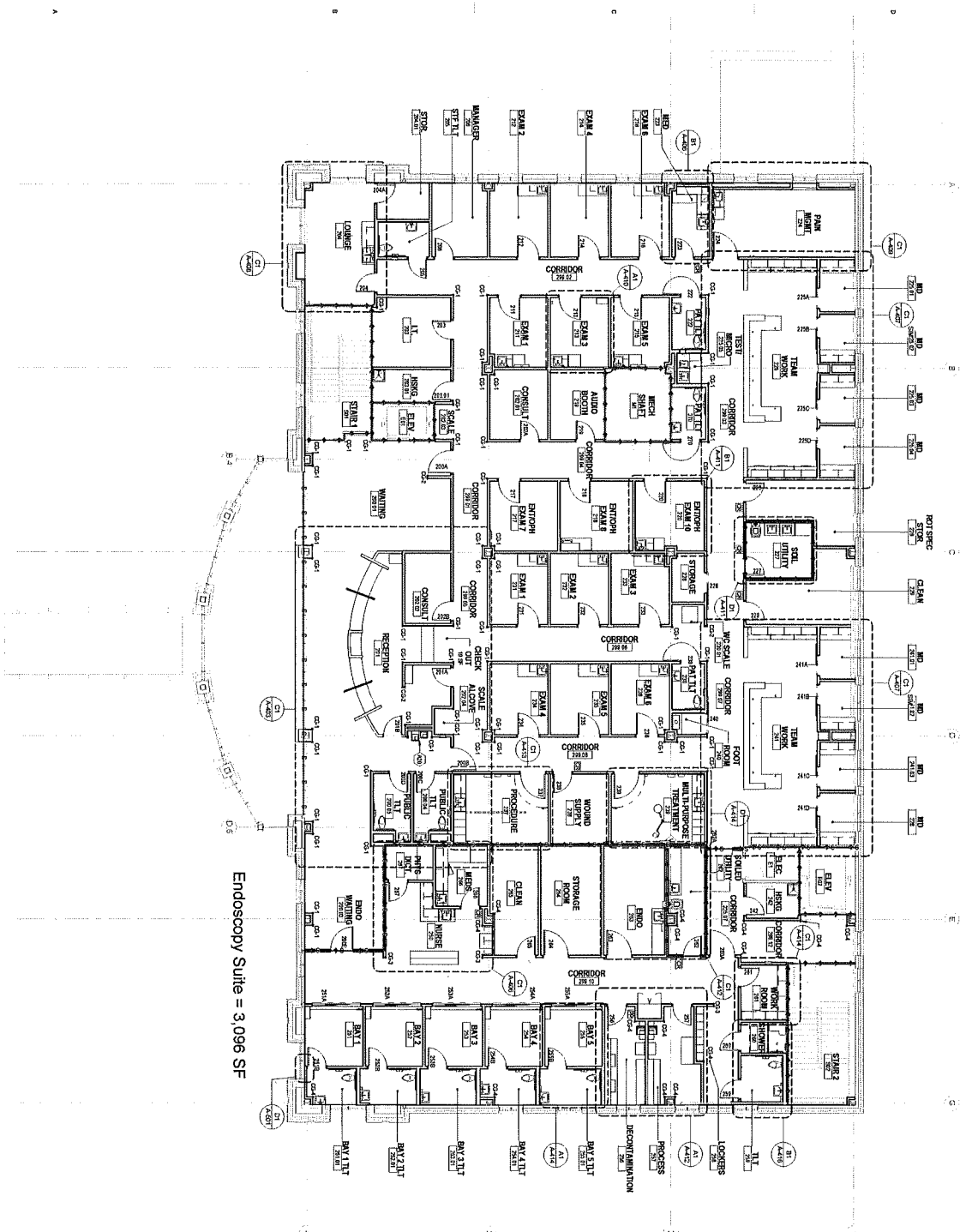


Location: 809 Ruggles Drive ■ Dorothea Dix Hospital Campus ■ Raleigh, N.C. 27603  
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EX 42

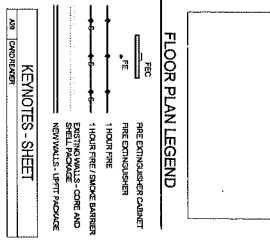
A1 NOTATION PLAN - SECOND FLOOR



Endoscopy Suite = 3,096 SF



- FLOOR PLAN GENERAL NOTES**
1. FORMING AND REINFORCING FOR CONCRETE SHALL BE THE RESPONSIBILITY OF THE CONTRACTOR. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE LOCAL JURISDICTION.
  2. ALL WORK SHALL BE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE BUILDING CODES AND ALL APPLICABLE REGULATIONS.
  3. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE LOCAL JURISDICTION.
  4. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE LOCAL JURISDICTION.
  5. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE LOCAL JURISDICTION.
  6. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE LOCAL JURISDICTION.



MISSION HEALTH  
 BLUE RIDGE  
 REGIONAL HOSPITAL -  
 MOB - INTERIOR UPFIT  
 188 HOSPITAL DRIVE, SPRING PINE,  
 NC 28777

NO.	DESCRIPTION	DATE	BY
1	ISSUE FOR CONSTRUCTION	9/19/2014	JW
2	REVISION		
3	REVISION		
4	REVISION		
5	REVISION		
6	REVISION		
7	REVISION		
8	REVISION		
9	REVISION		
10	REVISION		

ISSUE FOR CONSTRUCTION

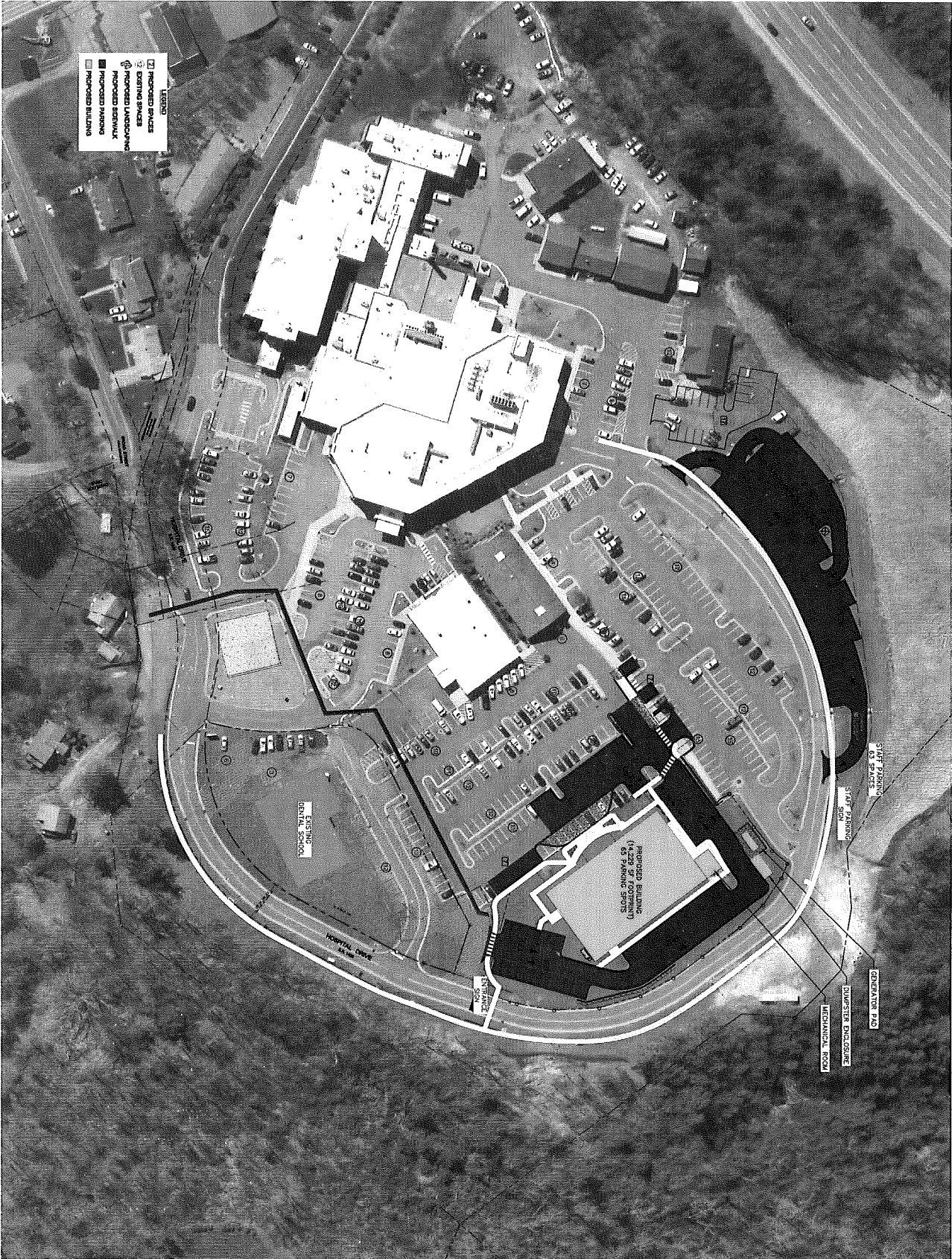
NOTE PLAN - SECOND FLOOR

A-102A

ISSUE FOR CONSTRUCTION



NOTE: LOCATIONS OF EXISTING UTILITIES AS SHOWN ARE APPROXIMATE. EXACT LOCATIONS ARE TO BE DETERMINED IN THE FIELD BY THE CONTRACTOR.



PLAN

NO.	DATE	BY

REVISION DESCRIPTION

OVERALL SITE PLAN

JOB NO: 140104  
DATE: AUG. 2014  
DESIGNED BY: WML  
CHECKED BY: BAA  
DESIGN REVIEW:  
CONSTR. REVIEW:  
FILE NAME: 140104\_PRESHITATEM.dwg

# MEDICAL OFFICE BUILDING BLUE RIDGE REGIONAL HOSPITAL

MITCHELL COUNTY, NORTH CAROLINA

FOR REVIEW ONLY



**McGill**  
ASSOCIATES  
ENGINEERING-PLANNING-FINANCE  
25 BRIMWOOD STREET ASH-BUYELA, NC 28601 PH: (828) 231-0117 FAX: (828) 236-4039