



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

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Drexdal Pratt
Division Director

December 15, 2015

Sean A. Timmons
421 Fayetteville Street, Suite 1100
Raleigh, NC 27601-3000

Exempt from Review – Acquisition of Facility

Record #: 1809
Facility Name: Frye Regional Medical Center
Type of Facility: Hospital
FID #: 943182
Acquisition by: DLP Frye Regional Medical Center, LLC
Business #: 2331
County: Catawba

Dear Mr. Timmons:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that based on your letter of December 2, 2015, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(8). Therefore, DLP Frye Regional Medical Center, LLC may proceed to acquire the above referenced health service facility without first obtaining a certificate of need. However, you need to contact the Agency's Acute and Home Care Licensure and Certification Section 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,
Assistant Chief, Certificate of Need

cc: Acute and Home Care Licensure and Certification Section, DHHS
Kelli Fisk, Program Assistant, Healthcare Planning

Healthcare Planning and Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-715-4413

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

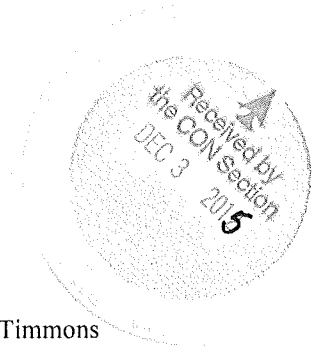
Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

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December 2, 2015

Sean A. Timmons
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stimmons@polsinelli.com

Via Hand Delivery

Ms. Martha Frisone, Assistant Chief, Certificate of Need
Healthcare Planning and Certificate of Need Section / DHSR / DHHS
809 Ruggles Drive
Raleigh, NC 27603

Re: Notice of Exempt Acquisition of Existing Health Service Facility
Facility: Frye Regional Medical Center
Type of Facility: General Acute Care Hospital
Facility Address: 420 North Center Street
Hickory, NC 27730
Facility License#: H0053
Acquisition by: DLP Frye Regional Medical Center,
LLC
County: Catawba

Dear Ms. Frisone:

Our firm represents DLP Frye Regional Medical Center, LLC (“DLP Frye”) 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 Frye proposes to acquire ownership and control of substantially all of the assets of Frye Regional Medical Center (“FRMC”) (Lic. No. H0053), a general acute care hospital located at 420 N. Center Street, Hickory, North Carolina 28601. FRMC is owned by Frye Regional Medical Center, Inc. (“Frye”), and has 209 acute care beds, 15 shared surgical operating rooms, and 2 endoscopy rooms.

Tenet HealthSystem Medical, Inc. (“Tenet”), and DLP Central NC Holding Company, LLC, have entered into an asset sale agreement pursuant to which DLP Frye will acquire substantially all of the assets that are used in the operation of FRMC from Frye. Frye is a North Carolina corporation and affiliate of Tenet. DLP Frye is a Delaware limited liability company authorized to do business in North Carolina and is an indirect, wholly-owned subsidiary of DLP Healthcare. DLP Healthcare is a joint venture between Duke Quality Network, Inc., a wholly-



Ms. Martha Frisone, Assistant Chief
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controlled affiliate of Duke University Health System, Inc., and DLP Partner, LLC, a Delaware limited liability company, which is an indirect, wholly-owned subsidiary of LifePoint Health, Inc. ("LifePoint"). LifePoint is a publicly-traded company that owns and operates community hospitals, regional health systems, physician practices, outpatient centers, and post-acute facilities in 21 states throughout the United States. An organizational chart depicting the post-closing corporate ownership structure of FRMC 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.

The parties currently plan to close this transaction on December 31, 2015, to be effective January 1, 2016. We respectfully request written confirmation of the availability of the exemption for this transaction at your earliest convenience.

Please feel free to contact me if you have any questions or need further information. Thank you for your attention to this matter.

We would appreciate your file-stamping the extra copy of this letter and returning it to our courier, who has been instructed to wait.

Very truly yours,


Sean A. Timmons

DLP Frye Regional Medical Center Organization Chart

