



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

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Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

May 1, 2015

Chelsey J. Hadfield
Bradley Arant Boult Cummings LLP
1600 Division Street, Suite 700
Nashville, TN 37203

No Review

Facility or Business: Lake Norman Regional Medical Center
Project Description: Change in Indirect Ownership Interests
County: Iredell
FID #: 990475

Dear Ms. Hadfield:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter of April 17, 2015 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.

It should be noted that this determination is binding only for the facts represented in your correspondence. 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 this office. 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.

Please contact this office if you have any questions. Also, in all future correspondence you should reference the Facility ID # (FID) if the facility is licensed.



Healthcare Planning and 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

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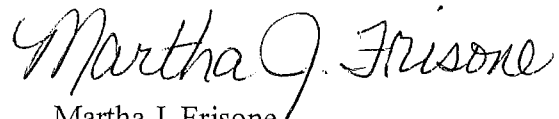


Ms. Chelsey J. Hadfield
May 1, 2015
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Sincerely,



Gloria C. Hale
Project Analyst



Martha J. Frisone
Assistant Chief, Certificate of Need

cc: Acute and Home Care Licensure and Certification Section, DHSR
Assistant Chief, Healthcare Planning



April 17, 2015

Via Overnight Delivery and Email (Martha.Frisone@dhhs.nc.gov)

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

Re: Lake Norman Regional Medical Center (License No. H0259); Notice of Proposed Restructuring of Indirect Ownership Interests; Request for “No Review” Determination

Dear Ms. Frisone:

I am writing on behalf of our client, Mooresville Hospital Management Associates, LLC, which owns and operates Lake Norman Regional Medical Center in Mooresville, North Carolina (the “Hospital”) and holds the above-referenced North Carolina Hospital License. The purpose of this letter is to notify the North Carolina Department of Health and Human Services, Division of Health Service Regulation, Healthcare Planning and Certificate of Need Section (the “Section”) of a proposed transaction pursuant to which one of the upstream minority owners of the Hospital will transfer its 0.3205% ownership interest in the Hospital to the other upstream owners. Enclosed for your reference as Exhibit A are ownership charts showing the ownership structure of the Hospital before and after the closing of the proposed transaction.

As you can see, Foundation Health Systems Corp. (“FHSC”) currently holds a 0.3205% indirect ownership interest in the Hospital by virtue of its ownership interest in the Hospital’s parent company, Carolinas Holdings, LLC (“CHL”). Pursuant to the proposed transaction, FHSC will transfer its ownership interest in CHL to the other two owners of CHL, Carolinas JV Holdings II, LLC and Carolinas JV Holdings, LP (together, the “CHL JV Owners”). As a result, following the closing of the proposed transaction, FHSC will no longer have an ownership interest in the Hospital, and the CHL JV Owners will increase their indirect ownership in the Hospital by a total of 0.3205%. The proposed transaction is expected to close effective as of **May 1, 2015**.

The proposed transaction, if consummated, will not result in any change in the direct ownership of the Hospital, nor will it result in any change in the Hospital’s legal business name, federal tax identification number, or Medicare provider number. Further, other than changes resulting in the ordinary course of business, no changes in the day-to-day operations of the Hospital are anticipated as a result of the proposed transaction.

Ms. Martha J. Frisone
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It is our understanding that the proposed transaction falls outside the scope of the North Carolina Certificate of Need Law, as the proposed transaction will not involve the acquisition of a direct ownership interest in any existing health service facility or "new institutional health service," as defined in N.C. Gen. Stat. § 131E-178(16)(1). The CHL JV Owners are only acquiring, collectively, an additional 0.3205% ownership interest in the Hospital's parent company.

Notwithstanding the foregoing, in the event that the proposed transaction is determined to constitute a "new institutional health service," please allow this letter to serve as the notice required under N.C. Gen. Stat. § 131E-184(a) and a request for confirmation that the proposed transaction is exempt from certificate of need review. As you know, N.C. Gen. Stat. § 131E-184(a)(8) specifically provides that, upon receiving prior written notice, the Section shall exempt from certificate of need review the acquisition of "an existing health services facility, including equipment owned by the health service facility at the time of acquisition." Please note that we will also be notifying the Acute and Home Care Licensure and Certification Section of the proposed transaction.

Thank you for your consideration of this request. If you have any questions, or if you require any additional information, please do not hesitate to contact me at (615) 252-2392 or chadfield@bab.com.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

By: 
Chelsey J. Hadfield

Enclosures

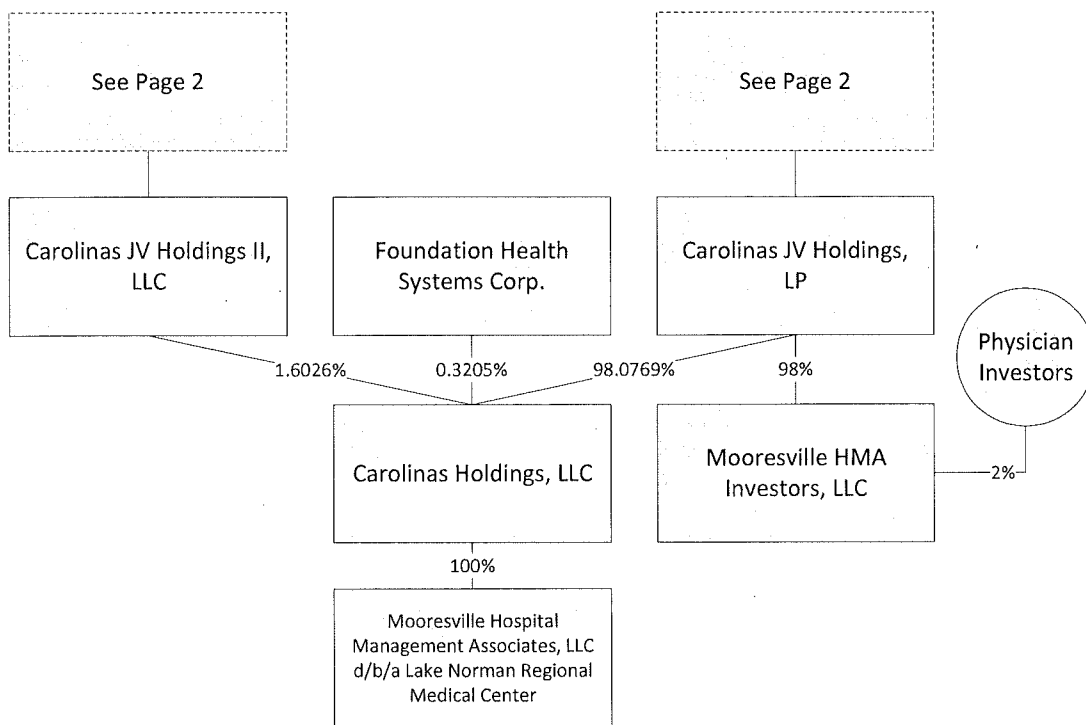
cc: Scott Templeton, Esq. (via email: scott.templeton@nelsonmullins.com)
Deb Cooper, Esq. (via email: deb_cooper@chs.net)

EXHIBIT A

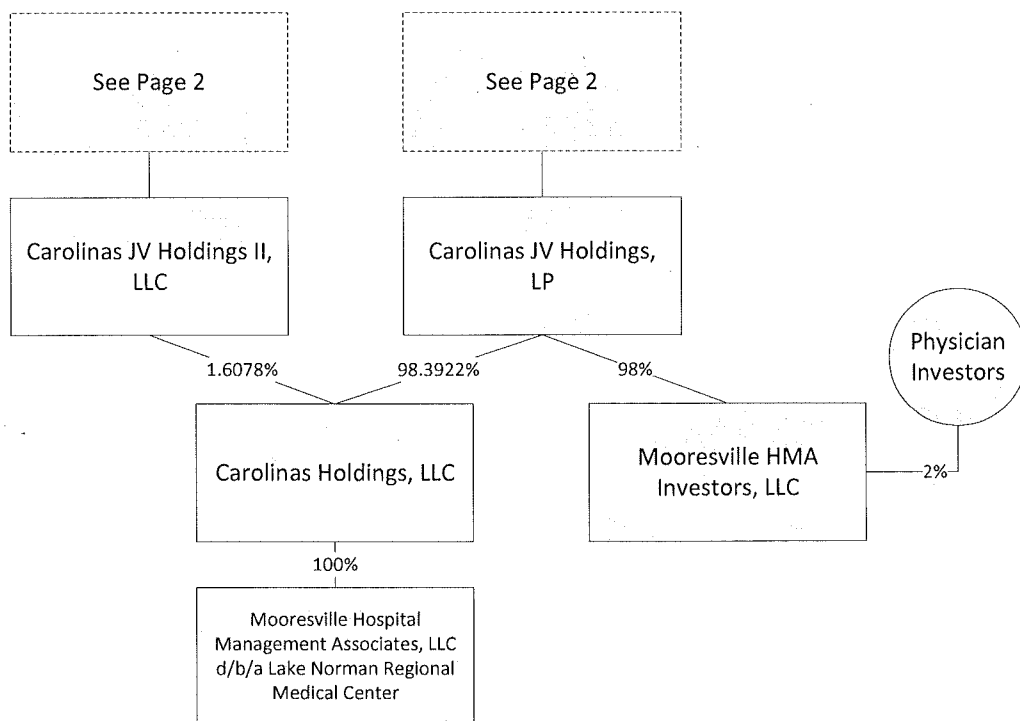
Pre- and Post-Closing Ownership Structure Charts

Please see attached.

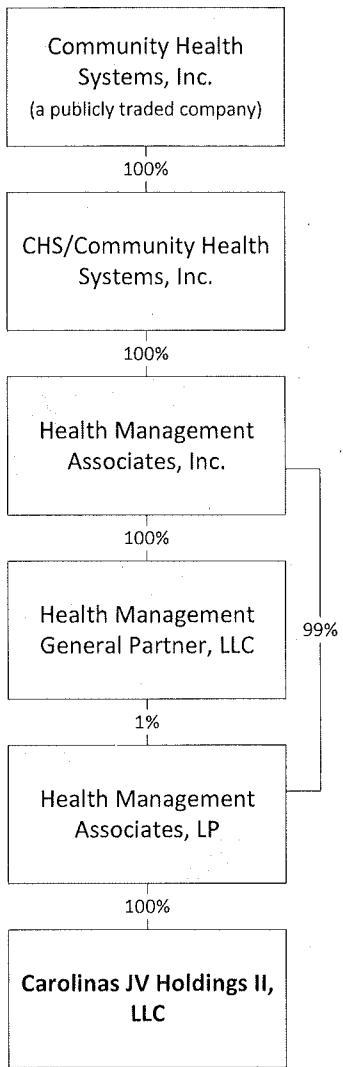
Pre-Closing Ownership Structure



Post-Closing Ownership Structure



Ownership Structure of Carolinas JV Holdings II, LLC



Ownership Structure of Carolinas JV Holdings, LP

