



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

September 22, 2015

James Roskelly, Executive Vice President
Cone Health
1200 North Elm Street
Greensboro, NC 27401-1020

Exempt from Review – Replace Four (4) Operating Rooms

Record #: 1726
Facility Name: The Moses H. Cone Memorial Hospital
FID #: 943494
Business Name: Moses Cone Health System
Business #: 1257
Project Description: Replace four (4) operating rooms at The Moses H. Cone Memorial Hospital
County: Guilford

Dear Mr. Roskelly:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of September 15, 2015, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(g). Therefore, you may proceed to offer, develop or establish the above referenced project without a certificate of need.

However, you need to contact the Agency’s Construction and Acute and Home Care Licensure and Certification Sections 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 Agency. 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.

If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

Celia C. Inman
Project Analyst

Martha J. Frisone, Assistant Chief
Certificate of Need

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

Healthcare Planning and Certificate of Need Section

www.ncdhhs.gov

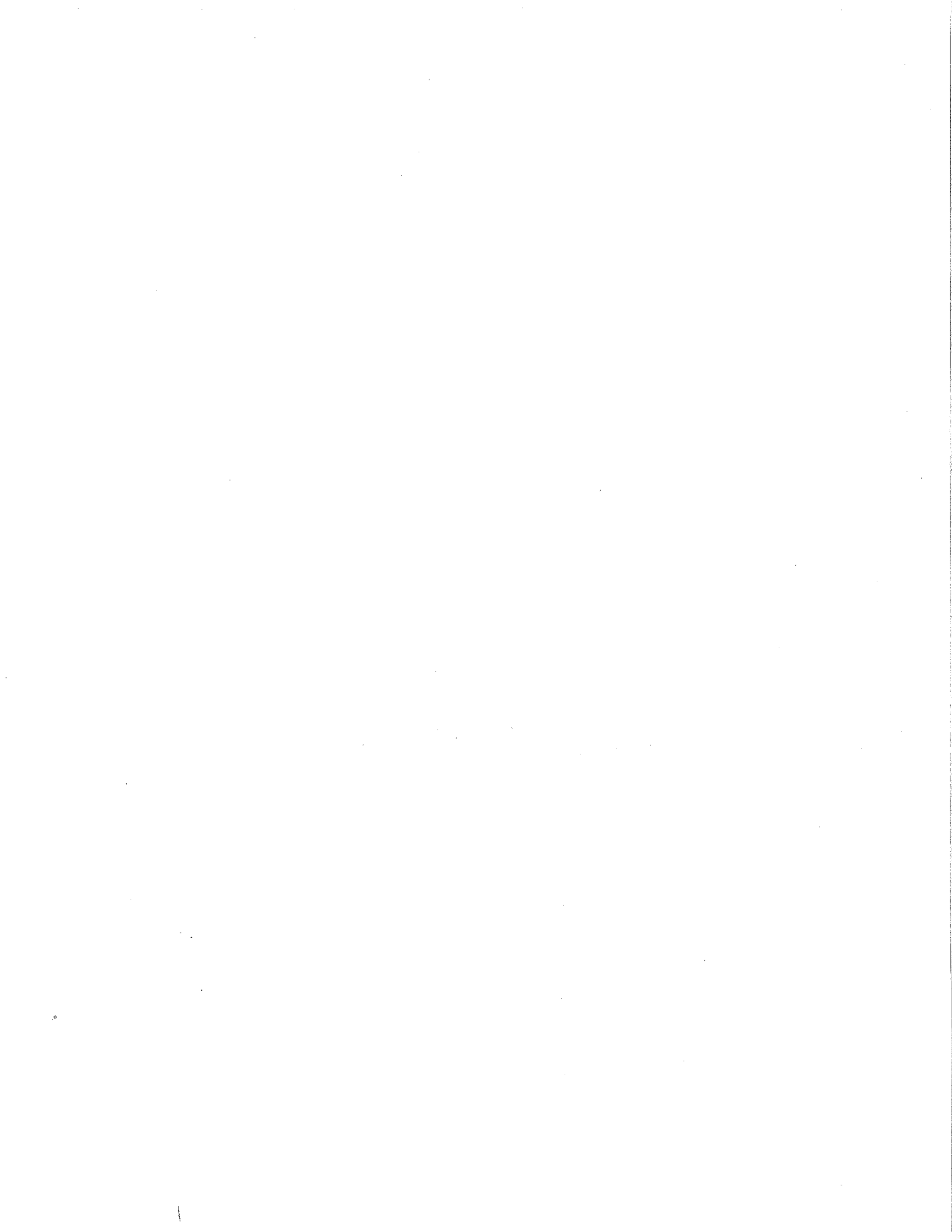
Telephone: 919-855-3873 • Fax: 919-715-4413

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

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

An Equal Opportunity/ Affirmative Action Employer







September 15, 2015

Ms. Martha J. Frisone, Assistant Chief, Certificate of Need
Ms. Celia C. Inman, Project Analyst, Certificate of Need
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
2704 Mail Service Center
Raleigh, NC 27699-2704



Re: Exemption Request to Replace Four (4) Operating Rooms at The Moses H. Cone Memorial Hospital

Dear Ms. Frisone and Ms. Inman,

As required under NCGS § 131E-184(g), I am writing to provide prior written notice of a project that is exempt from Certificate of Need review. Cone Health intends to replace the four (4) neurosurgery operating rooms currently located on the third (3rd) floor at The Moses H. Cone Memorial Hospital by constructing four (4) operating rooms adjacent to the main operating room suite on the second (2nd) floor. We are replacing these operating rooms because the existing neurosurgery OR suite has undersized operating rooms and associated pre- and post-procedure space that make it increasingly difficult to accommodate modern surgical technology.

This project satisfies the criteria in NCGS § 131E-184(g) and is therefore exempt from Certificate of Need review as follows:

- (1) The sole purpose of the project is to replace four operating rooms in an existing health service facility on the same site. The Moses H. Cone Memorial Hospital is licensed as part of Cone Health (Lic # H0159, FID 943494). Please see *Attachment 1* for a copy of Cone Health's 2015 Hospital License. The Moses H. Cone Memorial Hospital is currently licensed for twenty (20) operating rooms. Please see *Attachment 2* for relevant pages from Cone Health's 2015 Hospital License Renewal Application. At the end of this project, The Moses H. Cone Memorial Hospital will continue to be licensed for twenty (20) operating rooms.

Please see *Attachment 3* for a line drawing detailing the proposed addition to the existing operating room suite and *Attachment 4* for a site plan confirming the addition is part of the main building at The Moses H. Cone Memorial Hospital.

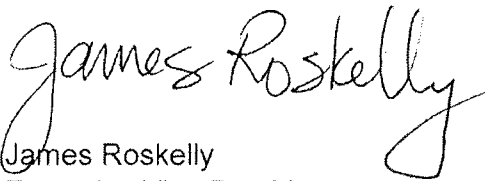
- (2) The capital expenditure for the replacement operating rooms will not result in a change in bed capacity. The project does not involve licensed beds and as such, the licensed bed capacity for both The Moses H. Cone Memorial Hospital and Cone Health will remain unchanged.
- (3) The capital expenditure for the replacement operating rooms will not result in the addition of a health service facility or any other new institutional health service. The existing operating rooms on the third (3rd) floor will be decommissioned. There are no plans to renovate the space at this time. There will not be any new institutional health service offered in that space without first seeking the appropriate approval from the Healthcare Planning and Certificate of Need Section. Additionally, the project does not include any major medical equipment as defined in NCGS § 131E-176(14o).
- (4) The project does not constitute a change in a project for which a Certificate of Need was issued. The existing main sixteen (16) operating room suite was constructed as part of the North Tower Project (CON Project ID # G-8349-09), which was completed on January 22, 2015. Please see *Attachment 5* for a letter from Celia C. Inman, Project Analyst, Certificate of Need in the Healthcare Planning and Certificate of Need Section indicating the completion of the above referenced CON project as of January 22, 2015. The neurosurgery operating room replacement project will not begin until after January 23, 2016, which represents one year and one day after the project was deemed complete by the Healthcare Planning and Certificate of Need Section.
- (5) As shown in Attachments 2 and 4, The Moses H. Cone Memorial Hospital serves as the main campus for the licensed facility of Cone Health. The Moses H. Cone Memorial Hospital is located at 1200 N. Elm Street, Greensboro, NC 27401. Mickey Foster serves as President of The Moses H. Cone Memorial Hospital and Senior Vice President of Cone Health. In his role as President of The Moses H. Cone Memorial Hospital, he exercises administrative and financial control of the hospital. Mr. Foster's office is located in Suite 1M213 on the first (1st) floor of The Moses H. Cone Memorial Hospital.

Ms. Frisone and Ms. Inman
September 15, 2015
Page 3

The capital cost for this project is anticipated to be in the \$10 million to \$11 million range. Cone Health will fund this project from its accumulated reserves. Please see *Attachment 6* for the current capital cost budget associated with this project. Capital costs were calculated by Cone Health management, project management firm Hammes Company, and architecture and design firms HKS, Inc. and BBH Design in consultation with experts in engineering, medical equipment, and construction management.

I look forward to receiving written confirmation that this project is exempt from Certificate of Need review under NCGS § 131E-184(g). If you have any questions about this project, please contact me at (336) 832-8199.

Sincerely,



James Roskelly
Executive Vice President
Strategic Development

JR\ec

Enclosures

cc: Mickey Foster, President, Moses Cone Hospital and SVP, Cone Health
Anne Macner, Vice President, Moses Cone Hospital
Sharon McCarter, Executive Director, Perioperative Services, Cone Health
Terrill Johnson Harris, Smith Moore Leatherwood

Attachment List

| | |
|--------------|--|
| Attachment 1 | Cone Health 2015 Hospital License |
| Attachment 2 | Cone Health 2015 Hospital License Renewal Application (selected pages) |
| Attachment 3 | Line Drawing |
| Attachment 4 | Site Plan |
| Attachment 5 | Development Completion Letter for The North Tower Project |
| Attachment 6 | Capital Cost Worksheet |

Attachment 1

Cone Health 2015 Hospital License

State of North Carolina

Department of Health and Human Services Division of Health Service Regulation

*Effective January 01, 2015, this license is issued to
The Moses H. Cone Memorial Hosp Operating Corporation*

to operate a hospital known as

Cone Health

located in Greensboro, North Carolina, Guilford 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: 943494

License Number: H0159

Bed Capacity: 925

*General Acute 777, Rehabilitation 49, Psych 80,
Nursing: 19*

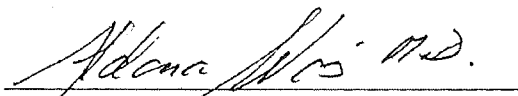
Dedicated Inpatient Surgical Operating Rooms: 4

Dedicated Ambulatory Surgical Operating Rooms: 13

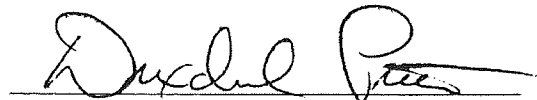
Shared Surgical Operating Rooms: 37

Dedicated Endoscopy Rooms: 8

Authorized by:



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



Director, Division of Health Service Regulation

Attachment 2

Cone Health 2015 Hospital License Renewal Application (selected pages)

MAR 24 2015

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 # H0159 Medicare # 340091
FID #: 943494
PC _____ Date _____

License Fee: \$17,137.50

**2015
HOSPITAL LICENSE
RENEWAL APPLICATION**

Legal Identity of Applicant: The Moses H. Cone Memorial Hosp Operating Corporation
(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: Cone Health
Other: The Moses H. Cone Memorial Hospital; Behavioral Health Hospital
Other: Wesley Long Hospital/Women's Hospital

Facility Mailing Address: 1200 North Elm Street
Greensboro, NC 27401-1020

Facility Site Address: 1200 North Elm St
Greensboro, NC 27401-1020
County: Guilford
Telephone: (336)832-7000
Fax: (336)832-9503

Administrator/Director: Terrence B. Akin
Title: CEO
(Designated agent (individual) responsible to the governing body (owner) for the management of the licensed facility)

Chief Executive Officer: Terrence B. Akin **Title:** 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: James Roskelly **Telephone:** (336) 832-8199

E-Mail: jim.roskelly@conehealth.com

PAID

CK NO. 14677.30
DATE 3-24-15
\$17,137.50

All responses should pertain to **October 1, 2013 through September 30, 2014.**

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 10 - 13 for each site. Submit the Cumulative Totals and submit a duplicate of pages 10 - 13 for each campus.

(Campus – If multiple sites: The Moses H. Cone Memorial Hospital)

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 | 4 |
| Dedicated C-Section | 0 |
| Other Dedicated Inpatient Surgery | 0 |
| Dedicated Ambulatory Surgery | 0 |
| Shared - Inpatient / Ambulatory Surgery | 16 |
| Total of Surgical Operating Rooms | 20 |

Number of Additional CON approved surgical operating rooms pending development: 0
 CON Project ID Number(s) _____

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 surgical procedures other than Gastrointestinal Endoscopy procedures.

Total Number of Procedure Rooms: 3

20 Most Common Outpatient Surgical Cases Table - Enter the number of surgical cases performed only in licensed operating rooms by the top 20 most common outpatient surgical cases in the table below by CPT code. Count each patient undergoing surgery as one case regardless of the number of surgical procedures performed while the patient was having surgery.

| CPT Code | Description | Cases |
|----------|---|-------|
| 29827 | Arthroscopy, shoulder, surgical; with rotator cuff repair | 15 |
| 29880 | Arthroscopy, knee, surgical; with meniscectomy (medial and lateral, including any meniscal shaving) including debridement/shaving of articular cartilage (chondroplasty), same or separate compartment(s), when performed | 17 |
| 29881 | Arthroscopy, knee, surgical; with meniscectomy (medial or lateral, including any meniscal shaving) including debridement/shaving of articular cartilage (chondroplasty), same or separate compartment(s), when performed | 35 |
| 42820 | Tonsillectomy and adenoidectomy; younger than age 12 | 32 |
| 42830 | Adenoidectomy, primary; younger than age 12 | 10 |

Continued on next page

All responses should pertain to October 1, 2013 through September 30, 2014.

8. Surgical Operating Rooms, Procedure Rooms, Gastrointestinal Endoscopy Rooms, Surgical and Non-Surgical Cases and Procedures (continued)

(Campus – If multiple sites: The Moses H. Cone Memorial Hospital)

d) Surgical Cases by Specialty Area Table

Enter the number of surgical cases performed only in licensed operating rooms by surgical specialty area in the table below. Count each patient undergoing surgery as one case regardless of the number of surgical procedures performed while the patient was having surgery. Categorize each case into one specialty area – the total number of surgical cases is an unduplicated count of surgical cases. **Count all surgical cases performed only in licensed operating rooms. The total number of surgical cases should match the total number of patients listed in the Patient Origin Tables on pages 26 and 27.**

| Surgical Specialty Area | Inpatient Cases | Ambulatory Cases |
|--|-----------------|------------------|
| Cardiothoracic (excluding Open Heart Surgery) | 356 | 143 |
| Open Heart Surgery (from 7.(b) 4.) | 564 | |
| General Surgery | 960 | 1,433 |
| Neurosurgery | 1,581 | 747 |
| Obstetrics and GYN (excluding C-Sections) | 2 | 1 |
| Ophthalmology | 3 | 309 |
| Oral Surgery | 43 | 143 |
| Orthopedics | 2,827 | 1,288 |
| Otolaryngology | 108 | 343 |
| Plastic Surgery | 43 | 47 |
| Urology | 14 | 4 |
| Vascular | 828 | 658 |
| Other Surgeries (specify) GI Endoscopy | 12 | 2 |
| Other Surgeries (specify) Other | 54 | 137 |
| Number of C-Section's Performed in Dedicated C-Section ORs | | |
| Number of C-Section's Performed in Other ORs | | |
| Total Surgical Cases Performed Only in Licensed ORs | 7,395 | 5,255 |

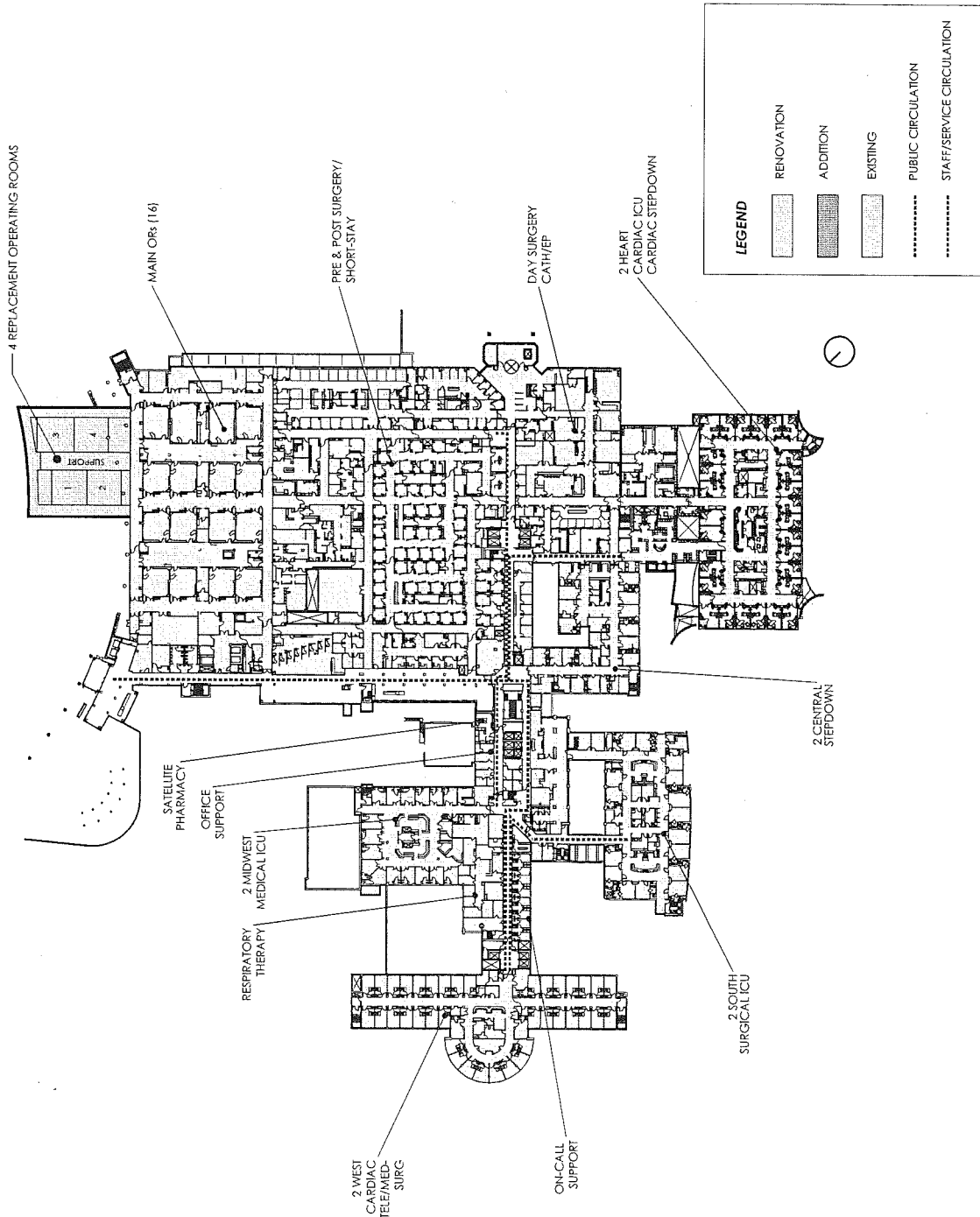
e) Non-Surgical Cases by Category Table

Enter the number of non-surgical cases by category in the table below. Count each patient undergoing a procedure or procedures as one case regardless of the number of non-surgical procedures performed. Categorize each case into one non-surgical category – the total number of non-surgical cases is an unduplicated count of non-surgical cases. **Count all non-surgical cases, including cases receiving services in operating rooms or in any other location, except do not count cases having endoscopies in GI Endoscopy rooms. Report cases having endoscopies in GI Endoscopy Rooms on page 12.**

| Non-Surgical Category | Inpatient Cases | Ambulatory Cases |
|--|-----------------|------------------|
| Pain Management | | |
| Cystoscopy | 12 | 6 |
| Non-GI Endoscopies (not reported in 8. c) | | |
| GI Endoscopies (not reported in 8. c) | | |
| YAG Laser | | |
| Other (specify) Peripheral Vascular Lab | 174 | 855 |
| Other (specify) | | |
| Other (specify) | | |
| Total Non-Surgical Cases | 186 | 861 |

Attachment 3

Line Drawing



Attachment 4

Site Plan



HKS

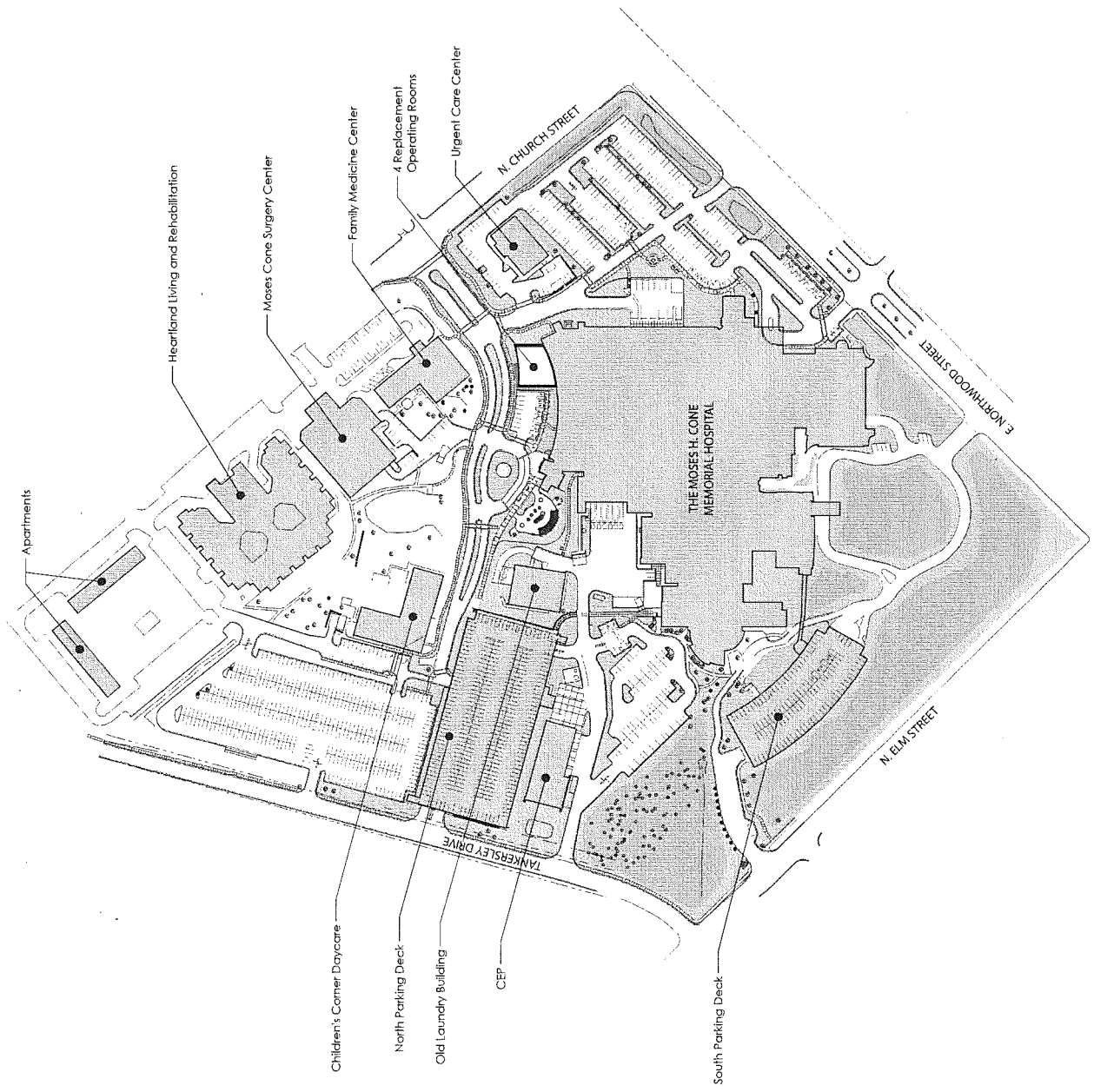


Moses H Cone
Memorial Hospital
1200N. Elm Street
Greensboro, NC 27401



Scale: 1" = 200'

SITE PLAN



Attachment 5

Development Completion Letter for The North Tower Project



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 3, 2015

James Roskelly
1200 N. Elm Street
Greensboro, NC 27401

Development Complete

Project I.D. #: G-8343-09
Facility: Moses Cone Health System
Project Description: Expand and renovate existing facility
County: Guilford
FID #: 943494

Dear Mr. Roskelly:

On December 1, 2009, the Agency issued a Certificate of Need pursuant to Chapter 131E, Article 9 of the North Carolina General Statutes for the above-captioned project. The Agency has hereby determined that the development of the above referenced project is now complete. It was completed on January 22, 2015.

Please note that this determination does not absolve the holder of the certificate from materially complying with representations in the application concerning the operation of the facility. Nor does the determination of completeness absolve the holder of the certificate from complying with any applicable conditions still remaining on the certificate.

If you have any questions concerning this certificate of need, please feel free to contact this office.

Please refer to the Project ID # and Facility ID # (FID) in all correspondence.

Sincerely,

Celia C. Inman

Celia C. Inman
Project Analyst, Certificate of Need

cc: Assistant Chief, 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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Attachment 6
Capital Cost Worksheet

PROJECT CAPITAL COST

| | | | | |
|-----------|--|--------------|---------------------|----------------------|
| A. | <u>Site Costs</u> | | | |
| (1) | Full Purchase Price of Land | | \$ - | |
| | # of Acres _____ Price per Acre | \$ - | | |
| (2) | Closing Costs | | \$ - | |
| (3) | Site Inspection and Survey | | \$ 7,500 | |
| (4) | Legal fees and subsoil investigation | | \$ 17,500 | |
| (5) | Site Preparation Costs [Include] | | \$ 306,486 | |
| | Soil Borings | | | |
| | Clearing and Grading | | | |
| | Road and Parking | | | |
| | Sidewalks | | | |
| | Water and Sewer | | | |
| | Excavation and Backfill | | | |
| | Termite Treatment | | | |
| | Sub-Total Site Preparation Costs | | \$ 331,486 | |
| (6) | Other (Jurisdictional Costs) | | \$ 95,000 | |
| (7) | Sub-Total Site Costs | | | \$ 426,486 |
| B. | <u>Construction Contract</u> | | | |
| (8) | Cost of Materials [Include] | | | |
| | General Requirements | | | |
| | Concrete/Masonry | | | |
| | Woods/Doors & Windows/Finishes | | | |
| | Thermal and Moisture Protection | | | |
| | Equipment/Specialty Items | | | |
| | Mechanical/Electrical | | | |
| | Sub-Total Cost of Materials | | \$ - | |
| (9) | Cost of Labor | | \$ - | |
| (10) | Other (Construction Contract)* | | \$ 5,347,938 | |
| (11) | Sub-Total Construction Contract | | | \$ 5,347,938 |
| C. | <u>Miscellaneous Project Costs</u> | | | |
| (12) | Building Purchase | | \$ - | |
| (13) | Fixed Equipment Purchase/Lease | | \$ 1,764,282 | |
| (14) | Moveable Equipment Purchase/Lease | | \$ - | |
| (15) | Furniture | | \$ 42,312 | |
| (16) | Landscaping | | \$ - | |
| (17) | Consultant Fees | | | |
| | A&E Fees and Reimbursables | \$ 1,275,000 | | |
| | Legal Fees | \$ 25,000 | | |
| | Market Analysis | \$ - | | |
| | Other (Testing, Inspection, etc.) | \$ 300,000 | | |
| | Total Consultant Fees | | \$ 1,600,000 | |
| (18) | Financing Costs | | | |
| | (e.g. Bond, Loan, etc.) | | \$ - | |
| (19) | Interest During Construction | | \$ - | |
| (20) | Other (Contingency) | | \$ 1,118,102 | |
| (21) | Sub-Total Miscellaneous | | | \$ 4,524,696 |
| D. | Total Capital Cost of Project (Sum A-C above) | | | \$ 10,299,120 |

*Cone Health does not separately account for labor and materials