



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

Pat McCrory  
Governor

Richard O. Brajer  
Secretary DHHS

Mark Payne, Director  
Health Service Regulation

August 25, 2016

Denise M. Gunter  
380 Knollwood Street, Suite 530  
Winston-Salem, NC 27103

**Exempt from Review – Acquisition of Facility**

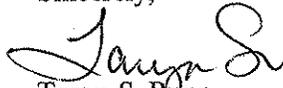
**Record #:** 2038  
**Facility Name:** Triad Imaging, LLC  
**Type of Facility:** Diagnostic Center  
**FID #:** 090444  
**Acquisition by:** Southern Pines Diagnostic Imaging, LLC  
**County:** Moore

Dear Ms. Gunter:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that based on your letter of July 21, 2016, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(8). Therefore, Southern Pines Diagnostic Imaging, 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 Radiation Protection 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,

  
Tanya S. Rupp  
Project Analyst

  
Martha J. Frisone  
Assistant Chief, Certificate of Need

cc: Paige Bennett, Assistant Chief, Healthcare Planning, DHSR  
Radiation Protection Section, DHSR



**Healthcare Planning and Certificate of Need Section**

[www.ncdhhs.gov](http://www.ncdhhs.gov)

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# Nelson Mullins

## Nelson Mullins Riley & Scarborough LLP

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denise.gunter@nelsonmullins.com

July 21, 2016

### VIA HAND DELIVERY

Martha Frisone  
Assistant Chief  
Certificate of Need Section  
North Carolina Department of Health and Human Services  
Division of Health Service Regulation  
809 Ruggles Drive  
Raleigh, North Carolina 27603



Bus id 2466  
NR id 2038

Re: Notice of Exempt Acquisition Pursuant to N.C. Gen. Stat. § 131E-184(a)(8) of Triad Imaging, LLC's Southern Pines facility

Dear Martha:

Triad Imaging, LLC<sup>1</sup> ("Triad") and FirstHealth of the Carolinas, Inc. ("FirstHealth") are in the process of forming a joint venture called Southern Pines Diagnostic Imaging, LLC ("SPDI"). Pursuant to N.C. Gen. Stat. § 131E-184(a)(8), I am writing to provide the Agency with prior written notice of SPDI's planned acquisition of all or substantially all of the assets of Triad's diagnostic imaging facility located at 355 South Bennett Street, Southern Pines, North Carolina (the "Triad Southern Pines Facility"). The Triad Southern Pines Facility is an MRI CON authorized (Project I.D. No. H-8365-09) diagnostic imaging facility that offers MRI and CT services. As a diagnostic center, the Triad Southern Pines Facility is therefore a health service facility. See N.C. Gen. Stat. §§ 131E-176(7a) and (9b).

SPDI will acquire all or substantially all of the assets of the Triad Southern Pines Facility from Triad, including but not limited to:

- all inventory and supplies located at the Triad Southern Pines Facility (including pharmaceuticals to the extent legally transferable), all fixed assets located at the Triad Southern Pines Facility, medical equipment, cameras, film processing

<sup>1</sup> Triad Imaging, LLC is a subsidiary of Foundation Health Systems Corp. ("Foundation") and Foundation is a subsidiary of Novant Health, Inc.

Martha Frisone  
July 21, 2016  
Page 2

equipment and other ancillary diagnostic equipment, cabinetry, furniture, fixtures, computers (including software thereon to the extent legally transferable), computer related equipment and office equipment;

- copies of all books and records, sales logs, regulatory filings and communications, accreditations (to the extent legally transferable), designs, drawings, specifications, engineering data, data, files, correspondence, reports, recorded knowledge, plans and records for the Triad Southern Pines Facility; and
- the goodwill of the Triad Southern Pines Facility.

The expected date of the acquisition is August 1, 2016.

The Triad Southern Pines Facility is an existing health service facility. Under the proposed acquisition, SPDI will not develop or establish any new health service facility, and SPDI intends to operate the Triad Southern Pines Facility without making any changes which would trigger any of the "new institutional health service" definitions in N.C. Gen. Stat. § 131E-176(16).

N.C. Gen. Stat. § 131E-184(a)(8) provides that the acquisition of an existing health service facility is exempt from certificate of need review, upon prior written notice. As the transaction is scheduled to close on August 1, 2016, please let me know as soon as possible if you have any questions.

With best personal regards.

Sincerely,

A handwritten signature in black ink, appearing to read "Denise M. Gunter". To the right of the signature, there is a handwritten note in blue ink that says "w/permissions".

Denise M. Gunter

## Rupp, Tanya

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**From:** Denise Gunter <denise.gunter@nelsonmullins.com>  
**Sent:** Wednesday, August 24, 2016 3:25 PM  
**To:** Rupp, Tanya; Jackie Herbster  
**Subject:** RE: Request for Notice of Exemption Acquisition

Hi, Tanya,

I have confirmed that the Bennett Street address is the correct location. Triad received a declaratory ruling in late 2014 allowing it to develop the project at Bennett Street, which was Triad's original location, as opposed to the site originally listed in the CON application. The plan in the CON application was to acquire an MRI scanner and relocate the existing diagnostic center to a new site, but ultimately it was determined that it was best to stay at Bennett Street.

Please let me know if you have any questions. When the letter is signed, if you could scan me a copy, that would be great.

Thanks!

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**From:** Rupp, Tanya [mailto:tanya.rupp@dhhs.nc.gov]  
**Sent:** Wednesday, August 24, 2016 12:33 PM  
**To:** Jackie Herbster  
**Cc:** Denise Gunter  
**Subject:** RE: Request for Notice of Exemption Acquisition

Jackie,

I have one question about the facility: on the letter from Denise, the facility being acquired (the "Triad Southern Pines Facility") is Triad Imaging, LLC's diagnostic center. The letter refers to Project ID #H-8365-09, which lists the "Triad Southern Pines Facility" address as *5 Regional Circle, Pinehurst, NC*; however, in Denise's letter, the address of the "Triad Southern Pines Facility" is listed as *355 South Bennett Street, Southern Pines, NC*.

Please clarify which facility address is the one to which Denise is referring. This will help me finalize the letter and our database.

Thank you so much.

**Tanya S. Rupp, JD**  
Project Analyst  
Division of Health Service Regulation, Healthcare Planning and Certificate of Need Section  
North Carolina Department of Health and Human Services

919-855-3873 office  
[Tanya.rupp@dhhs.nc.gov](mailto:Tanya.rupp@dhhs.nc.gov)

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**From:** Jackie Herbster [<mailto:jackie.herbster@nelsonmullins.com>]  
**Sent:** Wednesday, August 24, 2016 12:10 PM  
**To:** Rupp, Tanya <[tanya.rupp@dhhs.nc.gov](mailto:tanya.rupp@dhhs.nc.gov)>  
**Subject:** RE: Request for Notice of Exemption Acquisition

Hi, Tanya. Just following up. When a decision has been issued, can you please email to Denise Gunter and myself?

Thanks so much - J

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**From:** Rupp, Tanya [<mailto:tanya.rupp@dhhs.nc.gov>]  
**Sent:** Friday, August 19, 2016 12:59 PM  
**To:** Jackie Herbster; Evans, Stephanie  
**Subject:** RE: Request for Notice of Exemption Acquisition

I needed to confer with Martha F. and was out of the office.

A response will be forthcoming by Tuesday at the latest.

**Tanya S. Rupp, JD**  
Project Analyst  
Division of Health Service Regulation, Healthcare Planning and Certificate of Need Section  
North Carolina Department of Health and Human Services

919-855-3873 office  
[Tanya.rupp@dhhs.nc.gov](mailto:Tanya.rupp@dhhs.nc.gov)

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**From:** Jackie Herbster [<mailto:jackie.herbster@nelsonmullins.com>]  
**Sent:** Friday, August 19, 2016 12:38 PM  
**To:** Evans, Stephanie <[stephanie.evans@dhhs.nc.gov](mailto:stephanie.evans@dhhs.nc.gov)>  
**Cc:** Rupp, Tanya <[tanya.rupp@dhhs.nc.gov](mailto:tanya.rupp@dhhs.nc.gov)>  
**Subject:** RE: Request for Notice of Exemption Acquisition

Thank you. J

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**From:** Evans, Stephanie [<mailto:stephanie.evans@dhhs.nc.gov>]  
**Sent:** Friday, August 19, 2016 12:37 PM  
**To:** Jackie Herbster  
**Cc:** Rupp, Tanya  
**Subject:** RE: Request for Notice of Exemption Acquisition

Hi Jackie I will check the status on this and get back with you shortly.

**Stephanie Evans**  
Certificate of Need  
Division of Health Service Regulation, Healthcare Planning and Certificate of Need Section  
North Carolina Department of Health and Human Services

919-855-3872 office  
[stephanie.evans@dhhs.nc.gov](mailto:stephanie.evans@dhhs.nc.gov)

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**From:** Jackie Herbster [<mailto:jackie.herbster@nelsonmullins.com>]  
**Sent:** Friday, August 19, 2016 10:59 AM  
**To:** Evans, Stephanie  
**Subject:** FW: Request for Notice of Exemption Acquisition

Stephanie,

I've never heard from Tanya re: question below. Can you please tell me the status?

Thanks much - J

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**From:** Jackie Herbster  
**Sent:** Tuesday, August 16, 2016 3:56 PM

**To:** [Tanya.Rupp@dhhs.nc.gov](mailto:Tanya.Rupp@dhhs.nc.gov)

**Subject:** Request for Notice of Exemption Acquisition

Tanya,

On July 21, 2016, we filed the attached Notice of Exempt Acquisition with the CON Section. According to the correspondence log, I note that you have been assigned to this matter. Can you please tell me the status of the request?

Thanks so much - J

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