



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

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Mark Payne
Assistant Secretary for Audit and
Health Service Regulation

August 9, 2016

Melanie A. Perry, Interim CEO
Washington County Hospital
958 US Highway 64 East
Plymouth, NC 27962

Exempt from Review

Record #: 2010
Facility Name: Washington County Hospital
FID #: 953531
Business Name: CAH Acquisitions Company #1, LLC
Business #: 325
Project Description: Construct and operate a 12-bed acute care hospital with two operating rooms to replace current 49-bed facility on the existing campus
County: Washington

Dear Ms. Perry:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of March 10, 2016 and subsequent correspondence, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(g). Therefore, you need to surrender the certificate of need issued for Project ID# R-7925-07, no later than August 31, 2016.

Furthermore, you need to contact the Agency's Construction and Acute and Home Care Licensure and Certification Sections to determine their 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.



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

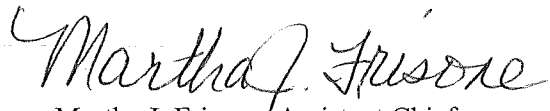
An Equal Opportunity/ Affirmative Action Employer



Sincerely,



Jane Rhoe-Jones
Project Analyst



Martha J. Frisone, Assistant Chief
Certificate of Need

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

rhoe-jones, jane e

From: rhoe-jones, jane e
Sent: Tuesday, August 02, 2016 10:46 AM
To: 'Melanie Perry'
Subject: Emailing - Relinquish CON Washington County Hospital.pdf
Attachments: Relinquish CON Washington County Hospital.pdf

Good Morning Ms. Perry,

Please see the attached letter. Let me know if you have any questions.

Best regards,
Jane



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

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Mark Payne
Assistant Secretary for Audit and
Health Service Regulation

August 2, 2016

Melanie Perry, CEO
Washington County Hospital
958 US Highway 64 East
Plymouth, NC 27962

Relinquish Certificate for Exemption Pursuant to G.S. 131E-184(g)


Facility: CAH Acquisitions Company #1, LLC dba Washington County Hospital
Project ID#: R-7925-07
Project Description: Construct and operate a 12-bed acute care hospital with two operating rooms to replace current 49-bed facility on existing campus
County: Washington
FID #: 953531

Dear Ms. Perry:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter March 10, 2016 and subsequent correspondence regarding the above referenced proposal. I have the needed information from you to determine if the project is exempt from review pursuant to G.S. 131E-184(g). However, before I proceed with the exemption, it is necessary for the hospital to **relinquish the certificate of need that was issued for Project ID# R7925-07, with the effective date of June 11, 2008.**

If you have any questions please do not hesitate to call this office.

Sincerely,


Jane Rhoe-Jones
Project Analyst, Certificate of Need

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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rhoe-jones, jane e

From: rhoe-jones, jane e
Sent: Friday, July 22, 2016 7:37 AM
To: 'Melanie Perry'
Subject: RE: Exemption Request Project ID#R-7925-07

Follow Up Flag: Follow up
Due By: Monday, July 25, 2016 10:00 AM
Flag Status: Flagged

Good morning Melanie,
Thank you for clarifying the "construction" line item for me. I will review all information you have sent with my Assistant Chief, hopefully early next week. I do hope to have a response to you by the end of next week.

Best regards,
Jane

From: Melanie Perry [mailto:Melanie_Perry@wchonline.com]
Sent: Wednesday, July 20, 2016 6:51 AM
To: rhoe-jones, jane e <jane.rhoe-jones@dhhs.nc.gov>
Subject: RE: Exemption Request Project ID#R-7925-07
Importance: High

Good morning Mrs. Jones:

Regarding the GL entry of over \$15,000 in 2010, this entry was for the blue prints, diagrams, and all paperwork regarding the hospital construction project. These funds were paid out to ACI Boland.

Please forward any additional questions and my apologies for the delay in response as I wanted to confirm with the corporate office.

Thanks.

All The Best,

Melanie A. Perry, B.S. (HCM)
Washington County Hospital
Interim CEO/Medical Staff Coordinator
Po Box 707
Plymouth, NC 27962
ph: 252.793.7654
fax: 252.793.7661
melanie_perry@wchonline.com

"We can't become what we need to be by remaining what we are." Oprah

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immediately notify us by e-mail or by telephone (252-793-4135) and delete the original message without copying or disclosing it. Thank you for your cooperation.

From: rhoe-jones, jane e [<mailto:jane.rhoe-jones@dhhs.nc.gov>]
Sent: Tuesday, May 24, 2016 10:23 AM
To: Melanie Perry <Melanie_Perry@wchonline.com>
Subject: RE: Exemption Request Project ID#R-7925-07

Hi Melanie,
Thank you for the information. I'll review and get back to you as soon as possible.

Jane

From: Melanie Perry [mailto:Melanie_Perry@wchonline.com]
Sent: Saturday, May 21, 2016 10:44 AM
To: rhoe-jones, jane e <jane.rhoe-jones@dhhs.nc.gov>
Subject: RE: Exemption Request Project ID#R-7925-07

Good afternoon Mrs. Jones:

Hope all is well with you. Here are the responses to the confirmations needed. Please let me know if they need to be reflected on a letterhead versus email submission.

1. Our approval letter for the CON was for 12 beds and from the drawing I'm seeing 12 beds; however, the construction company in words entered the wording "15 bed unit" which is not correct. I have informed the Regional Chief Operating Officer to get this corrected by the construction company.
2. The expenditures totaling \$87,328.13 are itemized as:
 - a. 1-31-10 Construction in progress \$15,178
 - b. 4-30-10 Terracon Consultants \$1,500
 - c. 5-31-10 Henson Foley \$12,512.50
 - d. 9-30-10 Henson Foley \$8,932.87
 - e. 11-11-10 Washington County Inspect \$25,954.50
 - f. 11-19-10 Randolph Bank \$8,000
 - g. 12-30-10 Timothy Esolen \$1,350
 - h. 12-30-10 Red Bay Environmental \$4,400
 - i. 1-24-11 Henson Foley \$267.39
 - j. 2-1-11 Town of Plymouth \$300
 - k. Not sure Henson Foley \$8,932.87 (ERROR)
 - TOTAL \$78,395.26

Item K was added in twice with the previous report submitted and this was an error. All entries above are from the General Ledger with account#11650000 which reflects construction cost thus far.

Thanks.

All The Best,

Melanie A. Perry, B.S. (HCM)
Washington County Hospital
Interim CEO/Medical Staff Coordinator
Po Box 707
Plymouth, NC 27962

ph: 252.793.7654
fax: 252.793.7661
melanie_perry@wchonline.com

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From: rhoe-jones, jane e [<mailto:jane.rhoe-jones@dhhs.nc.gov>]
Sent: Friday, April 29, 2016 9:31 AM
To: Melanie Perry <Melanie_Perry@wchonline.com>
Subject: Exemption Request Project ID#R-7925-07

Good morning Melanie,
I understand that your VM is not working. Please give me a call regarding the exemption request.

In addition to relinquishing the certificate of need, there are two items for which we need clarification: (1) The certificate was issued for 12 beds, but your architectural line drawing indicates 15 beds, and (2) In the progress report dated October 29, 2015, it was reported that \$87,328 had been spent to date. Specifically, what is the nature of the expenditure(s)?

Thanks,
Jane

Jane Rhoe-Jones, MSPH
Project Analyst
Health Service Regulation, Healthcare Planning & Certificate of Need Section
North Carolina Department of Health and Human Services

919-855-3873 office
jane.rhoe-jones@dhhs.nc.gov

809 Ruggles Drive
2704 Mail Service Center
Raleigh, NC 27699-2701



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rhoe-jones, jane e

From: rhoe-jones, jane e
Sent: Thursday, May 26, 2016 8:23 AM
To: 'Melanie Perry'
Subject: RE: Exemption Request Project ID#R-7925-07

Hi Melanie,
Thank you for the additional information regarding the expenditures to date on this project. Please clarify for me the first item (see highlight). What does Construction in Progress mean?

Hopefully, once this is clarified, we can move forward.

After today, my Assistant Chief (who signs off on determinations) and I will be out of the office until Wednesday, June 1.

Have a safe and enjoyable Memorial Day weekend.

Jane

From: Melanie Perry [mailto:Melanie_Perry@wchonline.com]
Sent: Saturday, May 21, 2016 10:44 AM
To: rhoe-jones, jane e <jane.rhoe-jones@dhhs.nc.gov>
Subject: RE: Exemption Request Project ID#R-7925-07

Good afternoon Mrs. Jones:

Hope all is well with you. Here are the responses to the confirmations needed. Please let me know if they need to be reflected on a letterhead versus email submission.

1. Our approval letter for the CON was for 12 beds and from the drawing I'm seeing 12 beds; however, the construction company in words entered the wording "15 bed unit" which is not correct. I have informed the Regional Chief Operating Officer to get this corrected by the construction company.
2. The expenditures totaling \$87,328.13 are itemized as:

a.	1-31-10	Construction in progress	\$15,178
b.	4-30-10	Terracon Consultants	\$1,500
c.	5-31-10	Henson Foley	\$12,512.50
d.	9-30-10	Henson Foley	\$8,932.87
e.	11-11-10	Washington County Inspect	\$25,954.50
f.	11-19-10	Randolph Bank	\$8,000
g.	12-30-10	Timothy Esolen	\$1,350
h.	12-30-10	Red Bay Environmental	\$4,400
i.	1-24-11	Henson Foley	\$267.39
j.	2-1-11	Town of Plymouth	\$300
k.	Not sure	Henson Foley	\$8,932.87 (ERROR)
		TOTAL	\$78,395.26

Item K was added in twice with the previous report submitted and this was an error. All entries above are from the General Ledger with account#11650000 which reflects construction cost thus far.

Thanks.

All The Best,

Melanie A. Perry, B.S. (HCM)
Washington County Hospital
Interim CEO/Medical Staff Coordinator
Po Box 707
Plymouth, NC 27962
ph: 252.793.7654
fax: 252.793.7661
melanie_perry@wchonline.com

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From: rhoe-jones, jane e [<mailto:jane.rhoe-jones@dhhs.nc.gov>]
Sent: Friday, April 29, 2016 9:31 AM
To: Melanie Perry <Melanie_Perry@wchonline.com>
Subject: Exemption Request Project ID#R-7925-07

Good morning Melanie,
I understand that your VM is not working. Please give me a call regarding the exemption request.

In addition to relinquishing the certificate of need, there are two items for which we need clarification: (1) The certificate was issued for 12 beds, but your architectural line drawing indicates 15 beds, and (2) In the progress report dated October 29, 2015, it was reported that \$87,328 had been spent to date. Specifically, what is the nature of the expenditure(s)?

Thanks,
Jane

Jane Rhoe-Jones, MSPH
Project Analyst
Health Service Regulation, Healthcare Planning & Certificate of Need Section
North Carolina Department of Health and Human Services

919-855-3873 office
jane.rhoe-jones@dhhs.nc.gov

809 Ruggles Drive
2704 Mail Service Center
Raleigh, NC 27699-2701



Nothing Compares

rhoe-jones, jane e

From: Melanie Perry <Melanie_Perry@wchonline.com>
Sent: Saturday, May 21, 2016 10:44 AM
To: rhoe-jones, jane e
Subject: RE: Exemption Request Project ID#R-7925-07

Follow Up Flag: Follow up
Due By: Monday, May 23, 2016 10:00 AM
Flag Status: Flagged

Good afternoon Mrs. Jones:

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2. The expenditures totaling \$87,328.13 are itemized as:

a.	1-31-10	Construction in progress	\$15,178	Construction of what?
b.	4-30-10	Terracon Consultants	\$1,500	Engineers
c.	5-31-10	Henson Foley	\$12,512.50	- Civil Engineering
d.	9-30-10	Henson Foley	\$8,932.87	
e.	11-11-10	Washington County Inspect	\$25,954.50	
f.	11-19-10	Randolph Bank	\$8,000	
g.	12-30-10	Timothy Esolen	\$1,350	Land Surveyor
h.	12-30-10	Red Bay Environmental	\$4,400	Environmental Engineering
i.	1-24-11	Henson Foley	\$267.39	
j.	2-1-11	Town of Plymouth	\$300	
k.	Not sure	Henson Foley	\$8,932.87 (ERROR)	
		TOTAL	\$78,395.26	

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Thanks.

All The Best,

Melanie A. Perry, B.S. (HCM)
Washington County Hospital
Interim CEO/Medical Staff Coordinator
Po Box 707
Plymouth, NC 27962
ph: 252.793.7654
fax: 252.793.7661
melanie_perry@wchonline.com

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From: rhoe-jones, jane e [mailto:jane.rhoe-jones@dhhs.nc.gov]
Sent: Friday, April 29, 2016 9:31 AM
To: Melanie Perry <Melanie_Perry@wchonline.com>
Subject: Exemption Request Project ID#R-7925-07

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Thanks,
Jane

Jane Rhoe-Jones, MSPH
Project Analyst
Health Service Regulation, Healthcare Planning & Certificate of Need Section
North Carolina Department of Health and Human Services

919-855-3873 office
jane.rhoe-jones@dhhs.nc.gov

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rhoe-jones, jane e

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Thanks,
Jane

Jane Rhoe-Jones, MSPH
Project Analyst
Health Service Regulation, Healthcare Planning & Certificate of Need Section
North Carolina Department of Health and Human Services

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rhoe-jones, jane e

From: Melanie Perry <Melanie_Perry@wchonline.com>
Sent: Monday, April 25, 2016 4:38 PM
To: rhoe-jones, jane e
Subject: updated/additional responses
Attachments: CON EXEMP RESP.pdf

Follow Up Flag: Follow up
Due By: Tuesday, April 26, 2016 10:00 AM
Flag Status: Flagged

Good afternoon Mrs. Rhoe-Jones:

Attached please find the information requested per our discussion this morning. Please let me know if anything additional is needed.

Thanks.

All The Best,

Melanie A. Perry, B.S. (HCM)
Washington County Hospital
CEO/Medical Staff Coordinator
Po Box 707
Plymouth, NC 27962
ph: 252.793.7654
fax: 252.793.7661
melanie_perry@wchonline.com

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April 25, 2016

Jane Rhoe-Jones
Project Analyst, Certificate of Need
Edgerton Building
2704 Mail Service Center
Raleigh, NC 27699-2704

RE: Information Request for Exemption Pursuant to G.S. 131E-184(g)
Project ID# R-7925-07

Dear Ms. Jones:

This letter is to attest to item #s 6 and 7 on the request letter that was received on 3-16-16.

I attest that financial control and administrative control will be exercised at the site of the proposed renovations or construction. The administration office and the business office will be located inside of the newly constructed building and both department locations are clearly marked on the schematics enclosed.

I also attest that financial control is partially exercised in the existing site due to centralizing the business office in 2011; while administrative control is fully exercised at the existing site.

Sincerely,

A handwritten signature in cursive script that reads "Melanie A. Perry".

Melanie A. Perry, B.S. (HCM)
Chief Executive Officer
Washington County Hospital



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

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Mark Payne
Assistant Secretary for Audit and
Health Service Regulation

VIA ELECTRONIC MAIL ONLY

March 16, 2016

Melanie A. Perry, Interim CEO
Washington County Hospital
958 US Highway 64 East
Plymouth, NC 27962

Information Request for Exemption Pursuant to G.S. 131E-184(g)

Facility: CAH Acquisitions Company #1, LLC dba Washington County Hospital
Project ID#: R-7925-07
Project Description: Construct and operate a 12-bed acute care hospital with two operating rooms to replace current 49-bed facility on the existing campus
County: Washington
FID #: 953531

Dear Ms. Perry:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter dated March 10, 2016 regarding the above reference proposal. However, additional information is needed to determine if the project is exempt from review pursuant to G.S. 131E-184(g).

Provide a written response to each of the following.

1. A copy of the health service facility's current license.
2. A site plan drawn to scale identifying the main building and the site of the proposed renovations or construction.
3. If the site of the proposed renovations or construction is not strictly contiguous to the main building, documentation that it is located within 250 yards of the main building.



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www.ncdhhs.gov
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Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704
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4. Design schematics drawn to scale showing:
 - a. each area to be renovated; and
 - b. each area of new construction that replaces existing space.
5. Documentation that clinical patient services are provided at the site of the proposed renovations or construction.
6. Documentation that financial control of the entire licensed health service facility is exercised at the site of the proposed renovations or construction.
7. Documentation that administrative control of the entire licensed health service facility is exercised at the site of the proposed renovations or construction.

If you have any questions concerning this request, please do not hesitate to call this office.

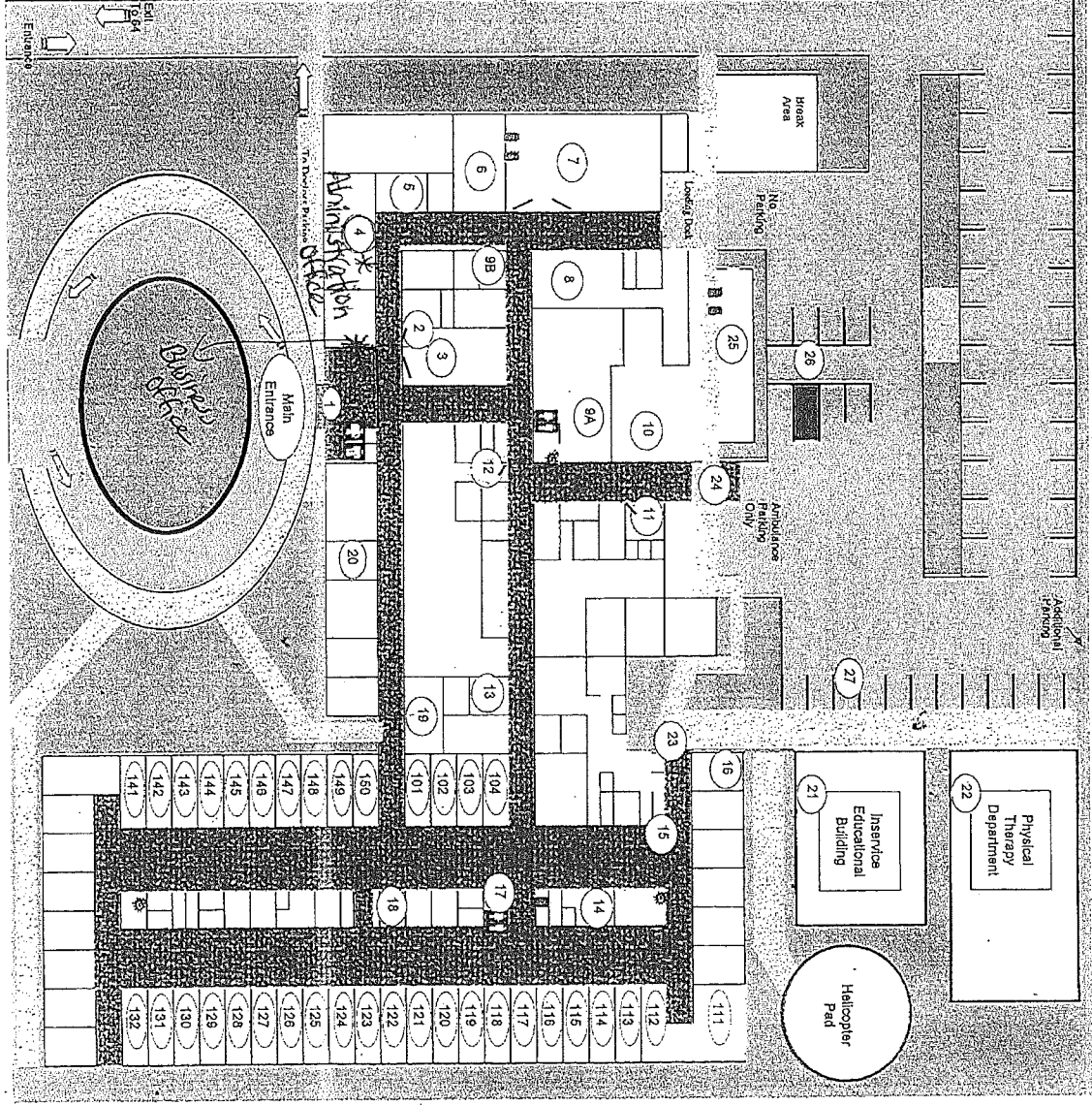
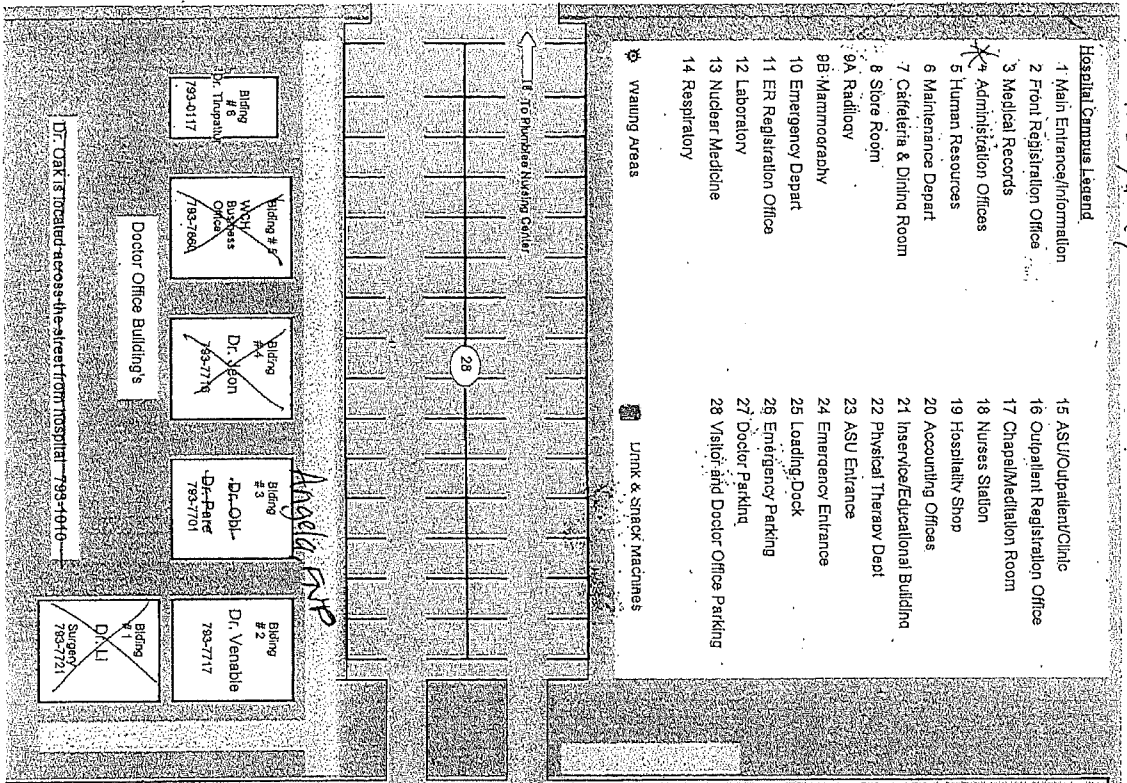
Sincerely,

Jane Rhoe-Jones
Project Analyst, Certificate of Need

#2, #6, #7

EXISTING FACILITY

- Hospital Campus Legend**
- 1 Main Entrance/Information
 - 2 Front Registration Office
 - 3 Medical Records
 - 4 Administration Offices
 - 5 Human Resources
 - 6 Maintenance Depart
 - 7 Cafeteria & Dining Room
 - 8 Store Room
 - 9A Radiology
 - 9B Mammography
 - 10 Emergency Depart
 - 11 ER Registration Office
 - 12 Laboratory
 - 13 Nuclear Medicine
 - 14 Respiratory
 - 15 ASU/Outpatient/Clinic
 - 16 Outpatient Registration Office
 - 17 Chapel/Meditation Room
 - 18 Nurses Station
 - 19 Hospitality Shop
 - 20 Accounting Offices
 - 21 Inservice/Educational Building
 - 22 Physical Therapy Dept
 - 23 ASU Entrance
 - 24 Emergency Entrance
 - 25 Loading Dock
 - 26 Emergency Parking
 - 27 Doctor Parking
 - 28 Visitor and Doctor Office Parking



Building # 6
Dr. Thompson
793-0117

Building # 7
NCH
Business
Offices
793-7964

Building # 8
Dr. Nelson
793-7719

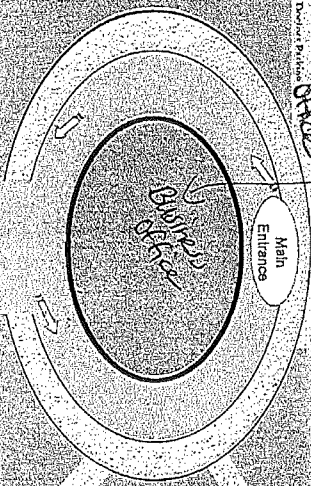
Building # 3
Dr. Pare
793-7701

Building # 1
Dr. Venable
793-7721

Dr. Oak is located across the street from hospital 793-1040

Angelina ENT

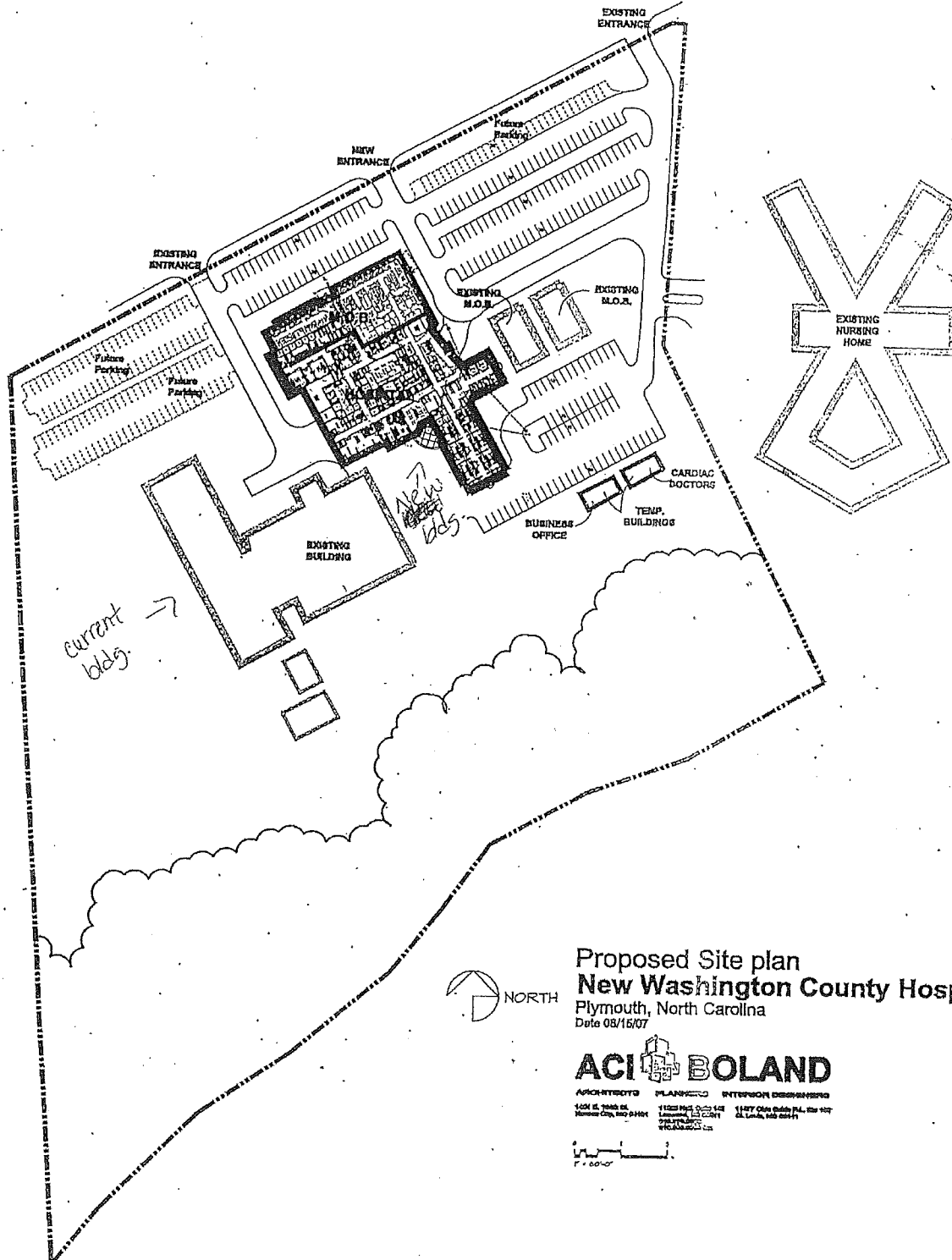
Administration Office



Physical
Therapy
Department

Inservice
Educational
Building

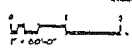
Helicopter
Pad

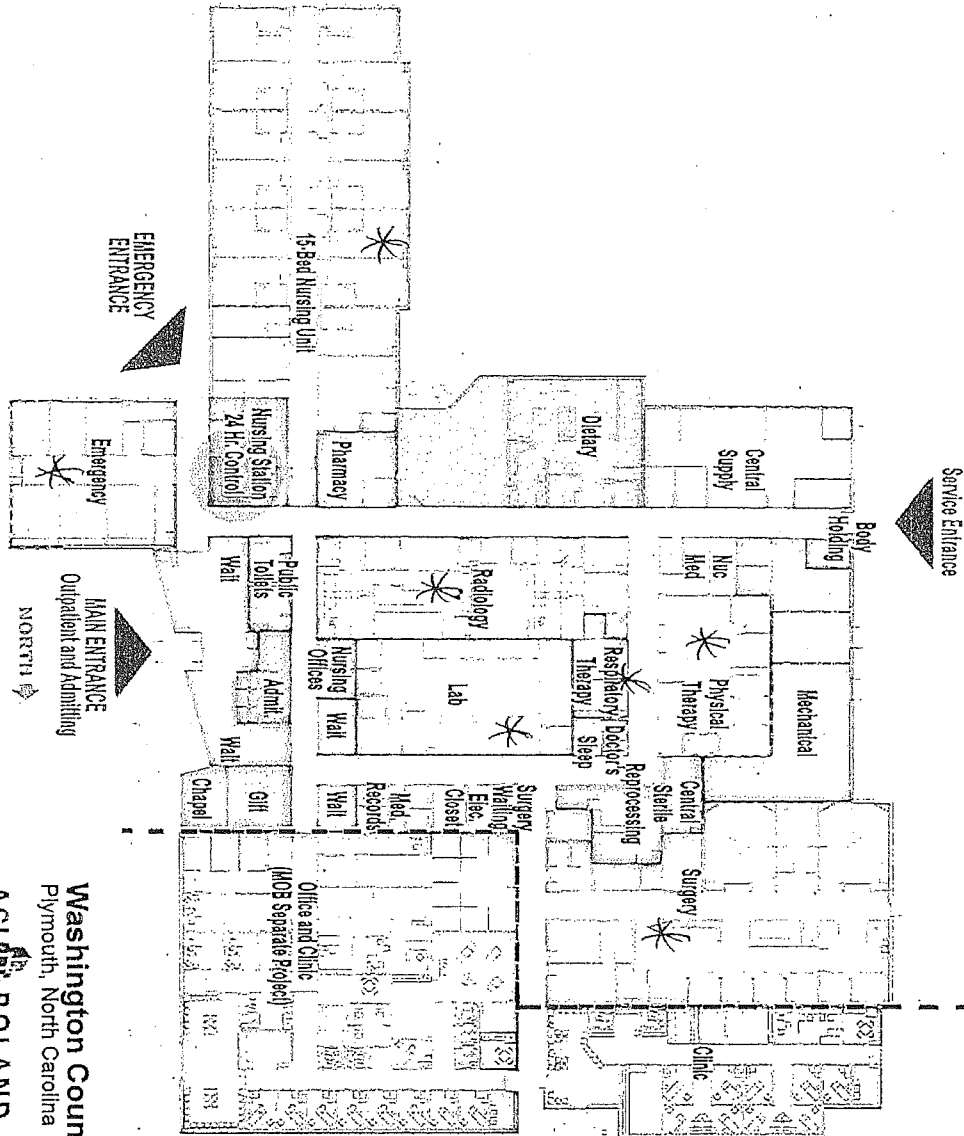


Proposed Site plan
New Washington County Hospital
 Plymouth, North Carolina
 Date 08/15/07



ACI BOLAND
 ARCHITECTS PLANNERS INTERIOR DESIGNERS
 1001 E. 7th St. | 11000 Hwy 101 S. 4th St. | 11000 Old State Rd. SW 100
 Winston-Salem, NC 27101 | Greensboro, NC 27402 | Atlanta, GA 30328
 771.866.1100 | 771.866.1101 | 770.433.1100





* Clinical areas

#5

491

Washington County Hospital
 Plymouth, North Carolina

ACI **BOLAND**

ARCHITECT PLANNING INTERIOR DESIGNERS
 1421 E. 9300th St. 4077026-5200
 15291AK, Suite 140 4077026-5200
 14000 W. 10th St. 4077026-5200
 1825-20000 812-235-2000
 812-235-2000 FAX

rhoe-jones, jane e

From: rhoe-jones, jane e
Sent: Wednesday, March 16, 2016 8:36 AM
To: 'Melanie Perry'
Subject: Exempt Review Replace Washington County Hospital March2016
Attachments: ExemptReview ReplaceWashingtonCountyHosp March2016.doc

Melanie,
Please see the attached request for additional information pursuant to G.S. 131E-184(g).

Best Regards,
Jane

Jane Rhoe-Jones, MSPH
Project Analyst
Health Service Regulation, Healthcare Planning & Certificate of Need Section
North Carolina Department of Health and Human Services

919-855-3873 office
jane.rhoe-jones@dhhs.nc.gov

809 Ruggles Drive
2704 Mail Service Center
Raleigh, NC 27699-2701



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

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Governor

Richard O. Brajer
Secretary DHHS

Mark Payne
Assistant Secretary for Audit and
Health Service Regulation

VIA ELECTRONIC MAIL ONLY

March 16, 2016

Melanie A. Perry, Interim CEO
Washington County Hospital
958 US Highway 64 East
Plymouth, NC 27962

Information Request for Exemption Pursuant to G.S. 131E-184(g)

Facility: CAH Acquisitions Company #1, LLC dba Washington County Hospital
Project ID#: R-7925-07
Project Description: Construct and operate a 12-bed acute care hospital with two operating rooms to replace current 49-bed facility on the existing campus
County: Washington
FID #: 953531

Dear Ms. Perry:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter dated March 10, 2016 regarding the above reference proposal. However, additional information is needed to determine if the project is exempt from review pursuant to G.S. 131E-184(g).

Provide a written response to each of the following.

1. A copy of the health service facility's current license.
2. A site plan drawn to scale identifying the main building and the site of the proposed renovations or construction.
3. If the site of the proposed renovations or construction is not strictly contiguous to the main building, documentation that it is located within 250 yards of the main building.



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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4. Design schematics drawn to scale showing:
 - a. each area to be renovated; and
 - b. each area of new construction that replaces existing space.
5. Documentation that clinical patient services are provided at the site of the proposed renovations or construction.
6. Documentation that financial control of the entire licensed health service facility is exercised at the site of the proposed renovations or construction.
7. Documentation that administrative control of the entire licensed health service facility is exercised at the site of the proposed renovations or construction.

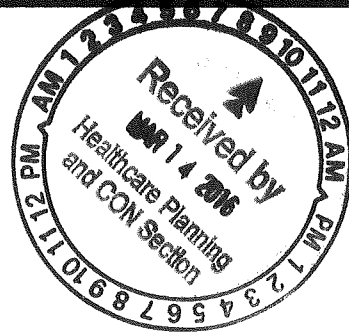
If you have any questions concerning this request, please do not hesitate to call this office.

Sincerely,

Jane Rhoe-Jones
Project Analyst, Certificate of Need

March 10, 2016

Jane Rhoe-Jones, Project Analyst
Department of Health Services Regulations
2704 Mail Service Center
Raleigh, North Carolina



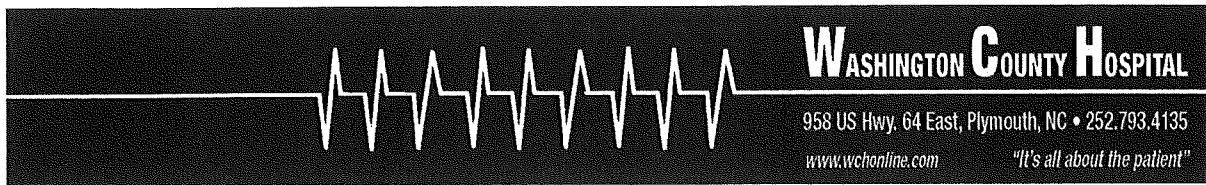
Re: CAH Acquisitions Company #1LLC, d/b/a, Washington County Hospital
County: Washington
FID: 953531
Project ID: R-7925-07

Dear Mrs. Rhoe-Jones:

On June 11, 2008, the CON Section issued the attached CON to CAH Acquisitions Company #1LLC, d/b/a, Washington County Hospital to construct and operate a 12 bed acute care hospital with two operating rooms to replace the current 49 bed facility on the existing campus in Washington County, North Carolina. The maximum capital expenditure stated on the CON is \$16,479,888. See Exhibit A. At the time the application was filed in June 2008, a CON was required for hospital renovation projects that cost more than \$2 million. See N.C. Gen. Stat. § 131E-176(16)b. However, the CON Law was subsequently amended to make such projects exempt from CON review, assuming the proponent meets the requirements of N.C. Gen. Stat. § 131E-184(g):

The Department shall exempt from certification of need review any capital expenditure that exceeds the two million dollar (\$2,000,000) threshold set forth in G.S. 131E-176(16)b. if all of the following conditions are met:

- (1) The sole purpose of the capital expenditure is to renovate, replace on the same site, or expand the entirety or a portion of the existing health service facility that is located on the main campus.
- (2) The capital expenditure does not result in (i) a change in bed capacity as defined in G.S. 131E-176(5) or (ii) the addition of a health service facility or any other new institutional health service facility or any other new institutional health service facility other than that allowed in G.S. 131E1-76(16)b.



(3) The licensed health service facility proposing to incur the capital expenditure shall provide prior written notice to the Department along with supporting documentation to demonstrate that it meets the exemption criteria of this subsection.

As discussed below, Washington County Hospital's project qualifies for exemption. If the exemption is approved, Washington County Hospital proposes to relinquish its CON for Project ID # R-7925-07.

1. Renovation on the main campus

The sole purpose of the project is to replace the existing facility with no increase in licensed bed capacity. Washington County Hospital is an existing licensed health service facility. The project will take place on the campus of Washington County Hospital at 958 US Hwy 64 East, Plymouth, North Carolina 27962.

2. No change in bed capacity or the addition of a health service facility or any other new institutional health service.

There will be a reduction in Washington County Hospital's licensed bed capacity as a result of this project. See N.C. Gen. Stat. § 131E-176(5), Washington County Hospital does not propose to add a health service facility or any other new institutional health service in this project.

3. Prior Written Notice

Washington County Hospital has not yet begun the project proposed in the CON for Project ID # R-7925-07. This letter therefore constitutes prior written notice to the CON Section, and provides supporting documentation demonstrating that Washington County Hospital's project qualifies for exemption under N.C. Gen. Stat. § 131E-184(g).

Accordingly, Washington County Hospital respectfully request that the CON Section determine in writing that the project described in this letter is exempt pursuant to N.C. Gen. Stat. § 131E-184(g).

Thank you for your time and attention.

A handwritten signature in black ink that reads "Melanie A. Perry".

Melanie A. Perry, B.S. (HCM), Interim CEO
Washington County Hospital

Enclosures

Exh. b. 7 A

STATE OF NORTH CAROLINA

*Department of Health and Human Services
Division of Health Service Regulation*

CERTIFICATE OF NEED

for

**Project Identification Number #R-7925-07
FID# 953531**

**ISSUED TO: CAH Acquisition Company #1, LLC
d/b/a Washington County Hospital
958 US Highway 74 East
Plymouth, NC 27962**

Pursuant to N.C. Gen. Stat. § 131E-175, et. seq., the North Carolina Department of Health and Human Services hereby authorizes the person or persons named above (the "certificate holder") to develop the certificate of need project identified above. The certificate holder shall develop the project in a manner consistent with the representations in the project application and with the conditions contained herein and shall make good faith efforts to meet the timetable contained herein. The certificate holder shall not exceed the maximum capital expenditure amount specified herein during the development of this project, except as provided by N.C. Gen. Stat. § 131E-176(16)e. The certificate holder shall not transfer or assign this certificate to any other person except as provided in N.C. Gen. Stat. § 131E-189(c). This certificate is valid only for the scope, physical location, and person(s) described herein. The Department may withdraw this certificate pursuant to N.C. Gen. Stat. § 131E-189 for any of the reasons provided in that law.

SCOPE: Construct and operate a 12-bed acute care hospital with two operating rooms to replace current 49-bed facility on the existing campus/ Washington County

CONDITIONS: See Reverse Side

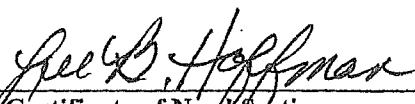
**PHYSICAL LOCATION: CAH Acquisition Company #1, LLC
d/b/a Washington County Hospital
958 US Highway 74 East
Plymouth, NC 27962**

MAXIMUM CAPITAL EXPENDITURE: \$16,479,888

TIMETABLE: See Reverse Side

FIRST PROGRESS REPORT DUE: November 1, 2008

This certificate is effective as of the 11th day of June, 2008.



Chief, Certificate of Need Section
Division of Health Service Regulation

CONDITIONS:

1. CAH Acquisition Company #1, LLC d/b/a Washington County Hospital shall materially comply with all representations made in the certificate of need application, except as modified by the additional information dated April 23, 2008 and May 28, 2008. In those instances where the representations in the additional information differ from those in the application, CAH Acquisition Company #1, LLC d/b/a Washington County Hospital shall materially comply with the representations in the later documents.
2. CAH Acquisition Company #1, LLC d/b/a Washington County Hospital shall not acquire, as part of the project, any other medical equipment or health service that is not included in the project's proposed capital expenditure in the application or that would otherwise require a certificate of need.
3. CAH Acquisition Company #1, LLC d/b/a Washington County Hospital shall develop no more than 12 licensed acute care beds and zero unlicensed observation beds, as part of this project.
4. CAH Acquisition Company #1, LLC d/b/a Washington County Hospital shall develop and be licensed for no more than two shared operating rooms, zero dedicated C-Section operating rooms, zero gastrointestinal endoscopy procedure rooms and zero minor procedure rooms, as part of this project.
5. CAH Acquisition Company #1, LLC d/b/a Washington County Hospital shall develop and be licensed for no more than six treatment rooms in the Emergency Department as part of this project.

TIMETABLE:

Completion of final drawings & specifications -----	September 15, 2008
Contract Award -----	February 1, 2009
50% Completion of Construction -----	November 1, 2009
Completion of Construction -----	June 1, 2010
Offering of Service-----	June 15, 2010