



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

December 9, 2016

Renee J. Montgomery, Partner  
Parker Poe  
P.O. Box 389  
Raleigh, NC 27602-0389

**Exempt from Review**

**Record #:** 1900  
**Facility Name:** Wilson Medical Center  
**FID #:** 923569  
**Business Name:** DLP Wilson Medical Center, LLC  
**Business #:** 2082  
**Project Description:** Hospital Renovation  
**County:** Wilson

Dear Ms. Montgomery:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), confirms that based on your letter of December 5, 2016, the above referenced proposal which was deemed exempt from certificate of need review in accordance with N.C. Gen. Stat. § 131E-184(g), on March 24, 2016, includes renovation of the Women's and Children's Center. Therefore, you may proceed to renovate the Women's and Children's Center without a certificate of need.

You have stated that you will surrender the certificate of need for Project ID# L-10065-12 (to renovate the Women's and Children's Center). Please do so by December 30, 2016. More importantly, please notify Planning regarding whether or not the hospital still intends to delineate any acute care beds.

You also need to contact the Agency's Acute and Home Care Licensure and Certification and Construction Sections to determine if they have any requirements for development of the proposed project.

**Healthcare Planning and Certificate of Need Section**

[www.ncdhhs.gov](http://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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Renee J. Montgomery  
Exemption Wilson Hospital Renovation  
December 9, 2016  
Page 2 of 2

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.

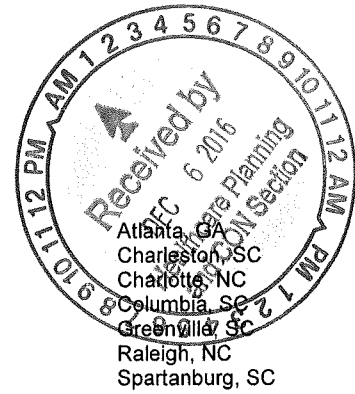
If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

  
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



**Renee J. Montgomery**  
**Partner**  
Telephone: 919.890.4162  
Direct Fax: 919.835.4554  
reneemontgomery@parkerpoe.com

December 5, 2016

Via Email ([Martha.Frisone@dhhs.nc.gov](mailto:Martha.Frisone@dhhs.nc.gov) and [Jane.Jones@dhhs.nc.gov](mailto:Jane.Jones@dhhs.nc.gov)) and U.S. Mail

Ms. Martha Frisone  
Assistant Section Chief  
Ms. Jane Rhoe-Jones  
Project Analyst  
Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
North Carolina Department of Health and Human Services  
2704 Mail Service Center  
Raleigh, North Carolina 27699-2704

Re: ***Wilson Medical Center***

Dear Ms. Frisone and Ms. Rhoe-Jones:

We represent DLP Wilson Medical Center, LLC d/b/a Wilson Medical Center. Wilson Medical Center is engaged in a major hospital renovation that is the subject of a letter issued by the Healthcare Planning and Certificate of Need Section on March 24, 2016. A copy of this letter is attached. Prior to requesting the exemption addressed in this letter, Wilson Medical Center met with your agency to discuss its plans.

Wilson Medical Center developed a Master Renovation Plan that was discussed with your agency when representatives of Wilson Medical Center met with your agency in 2015. The Master Renovation Plan includes all floors in the hospital, including the area of the hospital known as the Women's and Children's Center. The inclusion of the Women's and Children's Center in the Master Renovation Plan also is mentioned in the Progress Report submitted by Wilson Medical Center on November 10, 2015 for Project L-10065-12. A copy of this Progress Report is attached.

Project L-10065-12 is described as: "Renovate the Women's and Children's Unit and delicense 21 acute care beds for a total of 250 acute care beds upon project completion." A Certificate of Need for the Women's and Children's project was issued on April 9, 2013.

Ms. Martha Frisone  
Ms. Jane Rhoe-Jones  
December 5, 2016  
Page 2

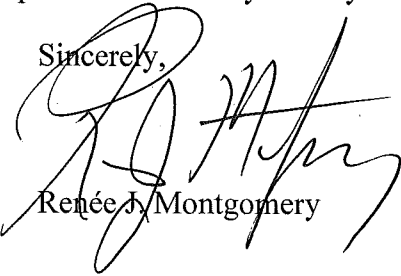
Because of the change in the law that became effective in July of 2013 that exempted certain capital expenditures from CON review, and assuming that you agree with Wilson Medical's position that the exemption granted on March 24, 2016 includes the Women's and Children's Center, Wilson Medical Center no longer needs the Certificate of Need to proceed with the project. *See* N.C. Gen. Stat. § 131E-184(g). Therefore, if our assumption is correct, Wilson Medical Center is surrendering that Certificate of Need.

Please confirm our understanding that Wilson Medical Center can proceed with the renovation of the Women's and Children's Center as part of the hospital renovation that is the subject of the exemption issued on March 24, 2016. The Certificate of Need for Project L-10065-12 was issued on April 9, 2013 and the amendment to N.C. Gen. Stat. § 131E-184 became effective for capital expenditures incurred on or after July 26, 2013. *See* Session Law 2013-360, § 12 G.3(d). During this time period, Wilson Medical Center incurred no capital expenditures for the renovation of the Women's and Children's Center. In the Progress Report that was submitted on November 10, 2015, it is shown that no capital expenses had yet been incurred.

We would appreciate confirmation that Wilson Medical Center can proceed with its renovation of the Women's and Children's Center which was covered in the exemption acknowledged by your agency in the attached letter dated March 24, 2016.

Please let us know if you have any questions. Thank you for your attention to this matter.

Sincerely,



Renée J. Montgomery

RJM:klb

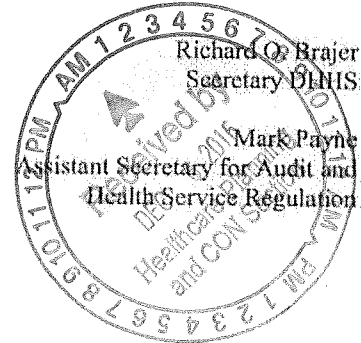
Enclosure

cc: William Caldwell  
Chief Executive Officer



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

Pat McCrory  
Governor



March 24, 2016

Kenneth L. Burgess, Partner  
Poyner Spruill  
P.O. Box 1801  
Raleigh, NC 27602-1801

**Exempt from Review**

**Record #:** 1900  
**Facility Name:** Wilson Medical Center  
**FID #:** 923569  
**Business Name:** DLP Wilson Medical Center, LLC  
**Business #:** 2082  
**Project Description:** Hospital Renovation  
**County:** Wilson

Dear Mr. Burgess:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of March 10, 2016, 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 Acute and Home Care Licensure and Certification and Construction 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.



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Kenneth L. Burgess  
Exemption Wilson Hospital Renovation  
March 24, 2016  
Page 2 of 2

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

Sincerely,



Jane Rhoe-Jones  
Project Analyst



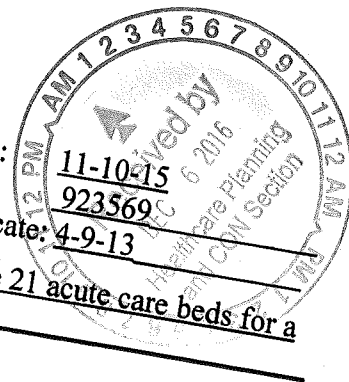
Martha J. Frisone, Assistant Chief  
Certificate of Need

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

Certificate of Need  
Progress Report Form

County: Wilson  
Facility: DLP Wilson Medical Center  
Project ID #: L-10065-12

Date of Progress Report: 11-10-15  
Facility ID #: 923569  
Effective Date of Certificate: 4-9-13  
total of 250 acute care beds upon project completion.



A.  
B. **Status of the Project**

1. Describe in **detail** the steps taken to complete the project since the CON was issued or since the last progress report was submitted.

As noted in our last progress report, the acquisition of DLP Wilson Medical Center by Duke LifePoint delayed initiation of this project. Since our last report, we have met with the CON Section to notify the Agency of a Master Renovation Plan involving a large portion of the hospital, including the area where the renovated Women's and Children's Center is housed, which is the subject of this CON. We will be submitting paperwork to the CON Section in the near future on the remainder of that renovation project, confirming that those portions are exempt from CON Review. Regarding the Women's and Children's Center project, specifically, we have completed our Master Plan which includes confirmation of the specifics of the Women's Center project. Our current schedule calls for the submission of final construction documents for the Women's Center project to the N.C. Division of Health Service Regulation, Construction Section in December 2016. Upon approval of those plans, construction will begin in four phases with the final phase of construction scheduled to conclude in November of 2017.

2. Describe any of the previously approved changes which will impact this project:  
a. Cost Overruns and/or Changes of Scope (Include the Project ID #s);  
b. Material Compliance determinations; and  
c. Declaratory Rulings

Not applicable.

3. If the project is not going to be developed exactly as approved, describe all differences between the project as approved and the project as currently proposed. Such changes include, but are not limited to, changes in the:

- a. Site;
- b. Design of the facility;
- c. Number or type of beds to be developed;
- d. Medical equipment to be acquired;
- e. Proposed charges; and
- f. Capital cost of the project.

Not applicable. The project will be developed as originally described and approved. Also, we do not anticipate capital costs in excess of those described in the CON Application or reflected on the CON itself.

4. Pursuant to G.S. 131E-181(d), the Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) cannot determine that a project is complete until *“the health service or the health service facility for which the certificate of need was issued is licensed and certified and is in material compliance with the representations made in the certificate of need application.”* To document that new or replacement facilities, new or additional beds or dialysis stations, new or replacement equipment or new services have been licensed and certified, provide copies of correspondence from the appropriate sections within the Agency and the Centers for Medicare and Medicaid Services (CMS).

**B. Timetable**

1. Complete the following table. The first column **must** include the timetable dates found on the certificate of need. If the Agency has authorized an extension of the timetable in writing, you may substitute the dates from that letter.

Project Milestones	Projected Completion Date from Certificate	Actual Completion Date	Proposed Completion Date*
	mm/dd/yy	mm/dd/yy	mm/dd/yy
Obtained Funds for the Project			
Final Drawings and Specifications sent to Construction Section, DHSR			
Final Drawings Approved by Construction Section, DHSR	9/1/13		December, 2016
Acquisition of Land/Facility			
Construction Contract Executed	10/1/13		TBD
25% Completion of Construction	4/1/14		TBD
50% Completion of Construction	9/1/14		TBD
75% Completion of Construction			
Completion of Construction	8/1/15		November, 2017
Ordering of Medical Equipment			
Operation of Medical Equipment			
Occupancy/Offering of Services	10/1/15		TBD
Licensure			
Certification			

\* Proposed completion dates are contingent upon Agency approval.

2. If the project is experiencing delays in development, explain in detail the reasons for the delay.

As noted above, the project was delayed when the hospital was acquired by Duke LifePoint and is now moving forward. Further, as noted above, the hospital is about to undergo a large-scale renovation and replacement project, a portion of which includes the space housing the Women’s Center. In the interest of efficiency and economics, it makes the most sense to integrate some of the work scheduled for the Women’s Center into the larger renovation project and that reality accounts for the revised timetable provided herein.



**C. Medical Equipment Projects** – If the project involves the acquisition of any of the following equipment: 1) major medical equipment as defined in G.S. 131E-176(14o); 2) the specific equipment listed in G.S. 131-176(16); or 3) equipment that creates a diagnostic center as defined in G.S. 131E-176(7a), provide the following information for each piece or unit of equipment: 1) manufacturer; 2) model; 3) serial number; and 4) date acquired.

Not applicable.

**D. Capital Expenditure**

1. What is the total approved capital cost of the project indicated on the certificate of need? \$12,036,873
2. Complete the table on the following page.
  - a. Include all capital costs that have been paid to date as well as those that the applicant(s) are legally obligated to pay.
  - b. If you have not already done so, provide copies of all executed contracts, including architect and engineering services (as applicable) and all final purchase orders for medical equipment costing more than \$10,000 per unit.
  - c. If the project involves renovation or construction, provide copies of the Contractors Application for Payment [AIA G702] with Schedule of Values [AIA G703].

	<b>Capital Expense Since Last Report</b>	<b>Total Cumulative Capital Expenditure</b>
<b>Site Costs</b>		
Purchase Price of Land	_____	_____
Closing Costs	_____	_____
Site Inspection and Survey	_____	_____
Legal Fees	_____	_____
Site Preparation Costs	_____	_____
Other Site Costs (Identify)	_____	_____
<b>Subtotal Site Costs</b>	_____	_____
<b>Construction Contract</b>		
Cost of Materials	_____	_____
Cost of Labor	_____	_____
Other (Specify)	_____	_____
<b>Subtotal Construction Contract</b>	_____	_____
<b>Miscellaneous Costs</b>		
Building Purchase	_____	_____
Fixed Equipment Purchase/Lease	_____	_____
Moveable Equipment Purchase/Lease	_____	_____
Furniture	_____	_____
Landscaping	_____	_____
Consultant Fees	_____	_____
Financing Costs	_____	_____

Interest During Construction \_\_\_\_\_  
Other Miscellaneous Costs (Specify) \_\_\_\_\_

**Subtotal Miscellaneous Costs** \_\_\_\_\_

**Total** \_\_\_\_\_

3. What is the projected remaining capital expenditure required to complete the project? \$ \_\_\_\_\_
3. Will the total actual capital cost of the project exceed 115% of the approved capital expenditure on the certificate of need? If yes, explain the reasons for the difference.

No, total actual capital costs are not anticipated to exceed 115% of the approved capital expenditure as reflected on the CON.

**E. Certification** – The undersigned hereby certifies that the responses to the questions in this progress report and the attached documents are correct to the best of his or her knowledge and belief. In addition, I acknowledge that incomplete progress report forms **will not** be accepted and **must** be resubmitted upon notification from an Agency Project Analyst.

Signature: \_\_\_\_\_



Name and Title

William E. Caldwell, Chief Executive Officer

Telephone Number

252-399-8139