



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

ROY COOPER • Governor

MANDY COHEN, MD, MPH • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

July 27, 2018

Elizabeth V. Kirkman
2709 Water Ridge Parkway, Suite 200
Charlotte, NC 28217

Exempt from Review

Record #: 2663
Facility Name: Carolinas HealthCare System Stanly
FID #: 953472
Business Name: The Charlotte-Mecklenburg Hospital Authority
Business #: 1770
Project Description: Renovate 3rd and 4th Floor/Upfit ICU Nurses' Station/Replace Generators, Fire Pump and Sprinklers
County: Stanly

Dear Ms. Kirkman:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of June 29, 2018 and email of July 24, 2018, the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §131E-184(g) and N.C. Gen. Stat. §131E-184(a)(4). 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.

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH SERVICE REGULATION

HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION

LOCATION: 809 Ruggles Drive, Edgerton Building, Raleigh, NC 27603
MAILING ADDRESS: 2701 Mail Service Center, Raleigh, NC 27699-2701
www.ncdhhs.gov/dhsr/ • TEL: 919-855-3750 • FAX: 919-733-2757

Sincerely,



Gregory F. Yakaboski
Project Analyst



Martha J. Frisone
Chief, Healthcare Planning and
Certificate of Need Section

cc: Construction Section, DHR
Acute and Home Care Licensure and Certification Section, DHR
Melinda Boyette, Administrative Assistant, Healthcare Planning, DHR

Yakaboski, Greg

From: Huber, Brigid K <Brigid.Huber@atriumhealth.org>
Sent: Tuesday, July 24, 2018 3:39 PM
To: Yakaboski, Greg
Subject: [External] CHS Stanly - Follow Up Information

CAUTION: External email. Do not click links or open attachments unless verified. Send all suspicious email as an attachment to [Report Spam](#).

Hi Greg,

As a follow up to our conversation yesterday, please see below for the additional information requested regarding the two items we discussed:

Outline of Atrium Health Name Change:

- The Charlotte-Mecklenburg Hospital Authority (CMHA) is the legal entity and has not changed
- CMHA d/b/a Carolinas HealthCare System was changed to CMHA d/b/a Atrium Health
- CMHA d/b/a Carolinas HealthCare System Stanly (has not yet changed to CMHA d/b/a Atrium Health Stanly)
- In summary, the legal entity is The Charlotte-Mecklenburg Hospital Authority. CHS Stanly is an unincorporated operating division of The Charlotte-Mecklenburg Hospital Authority.

2016 CHS Stanly Exemption Request to Replace Air Handling Equipment/Generators/Upgrade Electrical System

- The 2016 exemption request included 3 component projects. Please find the status of each below:
 1. Replace 3 air handling units – This project was implemented
 2. Replace 3 backup generators – This project was not implemented in 2016. Since this project was related to the renovations and upgrades being planned for 2018, it was included in and will be implemented as part of the 2018 exemption request
 3. Upgrade the emergency power electrical system – This project is currently on hold and was not included as part of the 2018 exemption request

Please don't hesitate to let me know if you have any questions or need more information. Also, I hope you enjoy your time away!

Thank you,

Brigid

Brigid Knoll Huber, MHA, ATC
Management Associate II
Strategic Services Group
Office: 704-446-2070

Atrium Health

Carolinas HealthCare System is Atrium Health

2709 Water Ridge Parkway, Suite 200, Charlotte, NC 28217

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an intended recipient of this message, please notify the sender immediately and delete the material from any computer. Do not deliver, distribute or copy this message, and do not disclose its contents or take any action in reliance on the information it contains. Thank you.



Atrium Health



June 29, 2018

Ms. Martha Frisone, Chief
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
809 Ruggles Drive
Raleigh, NC 27603

RE: Exemption Request for The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas HealthCare System Stanly ("CHS Stanly") to Renovate the 3rd and 4th Floor, upfit the ICU Nurses' Station and Replace Existing Generators, Fire Pump and Sprinklers

Dear Ms. Frisone:

I am writing to inform you of Carolinas HealthCare System Stanly's plan to renovate the third and fourth floor, upfit the ICU nurses' station and replace the existing generators, fire pump and sprinklers. The estimated capital cost of this project is \$12,800,000.

Pursuant to N.C.G.S. 131E-184(g), "[t]he Department shall exempt from certificate 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 any 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 an 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 other than that allowed in G.S. 131E-176(16)b.
- (3) The licensed health service facility proposing to incur the capital expenditure shall provide written notice to the Department along with support documentation to demonstrate that it meets the exemption criteria of this subsection."

N.C.G.S. 131E-176(14n) states "'Main campus' means all of the following for the purposes of G.S. 131E-184(f) and (g) only:

- a. The site of the main building from which a licensed health service facility provides clinical patient services and exercises financial and administrative control over the entire facility, including the buildings and grounds adjacent to that main building.
- b. Other areas and structures that are not strictly contiguous to the main building but are located within 250 yards of the main building."

Pursuant to N.C.G.S. § 131E-184(a)(4), “[t]he Department shall exempt from certificate of need review a new institutional health service if it receives prior written notice from the entity proposing the new institutional health service, which notice includes an explanation of why the new institutional health service is required, for any of the following:

- (4) To provide parking, heating or cooling systems, elevators, or other basic plant or mechanical improvements, unless these activities are integral portions of a project that involves the construction of a new health service facility or portion thereof and that is subject to certificate of need review.”

The CHS Stanly third and fourth floor renovation, ICU nurses’ station upfit and generator, fire pump, and sprinkler system replacement project meets each of the applicable conditions set forth above. The estimated total capital cost of the project exceeds \$2,000,000 (see Attachment A for a capital cost worksheet and certified construction cost estimate). The proposed project involves the renovation of an existing health service facility located at 301 Yadkin Street, Albemarle, NC 28001, which is the site from which CHS Stanly provides clinical patient services and exercises financial and administrative control over the entire facility (see Attachment B). CHS Stanly’s President’s office is located on the second level of the main hospital building. Please see a copy of CHS Stanly’s hospital license in Attachment C.

The project consists of aesthetic renovation and infrastructure upgrades only and does not involve a change in bed capacity as defined in G.S. 131E-176(5) or the addition of a health service facility or a new institutional health service. The project will not increase the number of operating rooms or gastrointestinal rooms. The project will not result in the acquisition of major medical equipment or the offering of health services not currently provided.

3rd and 4th Floor Renovation

The proposed project involves renovation to the nursing units on the third and fourth floor of CHS Stanly. The third floor currently has 36 medical/surgical licensed acute care beds. The fourth floor has 34 medical/surgical licensed acute care beds, 10 ICU licensed acute care beds and 1 observation bed. The number of licensed acute care beds will not change as a result of the proposed project.

The nursing units on the third and fourth floor of the acute hospital were constructed in 1981, and it has been over ten years since these two floors have had aesthetic upgrades. The project will include aesthetic upgrades to all patient bedrooms and bathrooms, corridors, public spaces and support spaces, new doors and hardware, one for one replacement of light fixtures, replacement of HVAC induction units in all patient bedrooms and installation of return air ducts.

ICU Nurses’ Station Upfit

The ICU unit is located on the 4th floor and as part of this project, the existing ICU nurses’ station will be demolished and new millwork will be installed. New floor and wall finishes will be added throughout the ICU unit, and there will be one for one replacement of light fixtures.

Generator Replacement

As part of the project, the three existing emergency generators and fenced concrete yard will be replaced with two new generators and a new platform and gravel yard. This will provide an upgraded emergency power system and provide future connections to serve the hospital. A new building addition will be added to the existing hospital to house new switchgear, electrical panels and related items (see Attachment B for floor plans). The existing exterior skin of the hospital will be modified as indicated for the new addition, and the existing mechanical and electrical rooms will be modified to house normal power only.

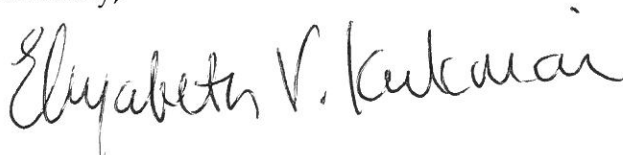
Fire Pump and Sprinkler System Replacement

The proposed project also includes the installation of a new diesel-driven fire pump and fire sprinkler system. The new fire pump will be located on the first level of the hospital where renovations will be made to an existing break room and toilet to house the new fire pump (see Attachment B for floor plans). Modifications will also be made to the exterior of the existing hospital to include a new exterior door, louvers and pipe penetrations. Additionally, the existing women's toilet nearest the new fire pump room on the first level will be renovated to include two toilets and two lavatories. Aesthetic upgrades will also be made to the conference room that is adjacent to the new fire pump room.

Summary

Based on the above facts, the project is exempt from certificate of need review. We are requesting that you confirm in writing that Carolinas HealthCare System Stanly's third and fourth floor renovation, ICU nurses' station upfit and generator, fire pump and sprinkler system replacement project is exempt from certificate of need review and that we may proceed as planned with this project.

Sincerely,



Elizabeth V. Kirkman
Assistant Vice President
Atrium Health Strategic Services Group

Attachments

cc: Brian Freeman/President, CHS Stanly

Attachment A

PROPOSED TOTAL CAPITAL COST OF PROJECT

Project name: CHS STANLY – 3&4 FLOOR RENOVATION, ICU UPFIT, GENERATOR REPLACEMENT & FIRE PUMP REPLACEMENT
Provider/Company: Carolinas HealthCare System

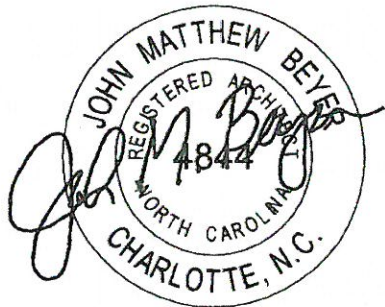
(1) Purchase price of land	\$0
(2) Closing costs	\$0
(3) Site Preparation	\$0
(4) Construction/Renovation Contract	\$8,810,025
(5) Landscaping	\$0
(6) Architect/Engineering Fees	\$1,171,430
(7) Medical Equipment	\$0
(8) Non Medical Equipment	\$293,000
(9) Furniture	\$578,875
(10) Consultant Fees (CON Fees, Legal Fees, Design Fees, DHSR Fees)	\$53,000
(11) Financing Costs	\$0
(12) Interest During Construction	\$0
(13) Other (IS, Security, Internal Allocation, Contingency)	\$1,893,670
(14) Total Capital Cost	\$12,800,000

I certify that, to the best of my knowledge, the above construction related costs of the proposed project named above are complete and correct.

[Handwritten Signature]

(Signature of Licensed Architect or Engineer)

4/13/18
DATE



Sales taxes have been included in these equipment costs. However, because Atrium Health is entitled to a sales tax refund under N.C. Gen. Stat. § 105-164.14(b) and 105-467, the sales tax that Atrium Health initially incurs for this medical equipment purchase will be refunded to Atrium Health, and thus will reduce the capital costs that Atrium Health actually incurs for the equipment by \$0.00.

Attachment B

COLOR KEY

- EXISTING BUILDING
- RENOVATION
- NEW CONSTRUCTION



SITE PLAN

Atrium Health

3RD & 4TH FLOOR RENOVATIONS

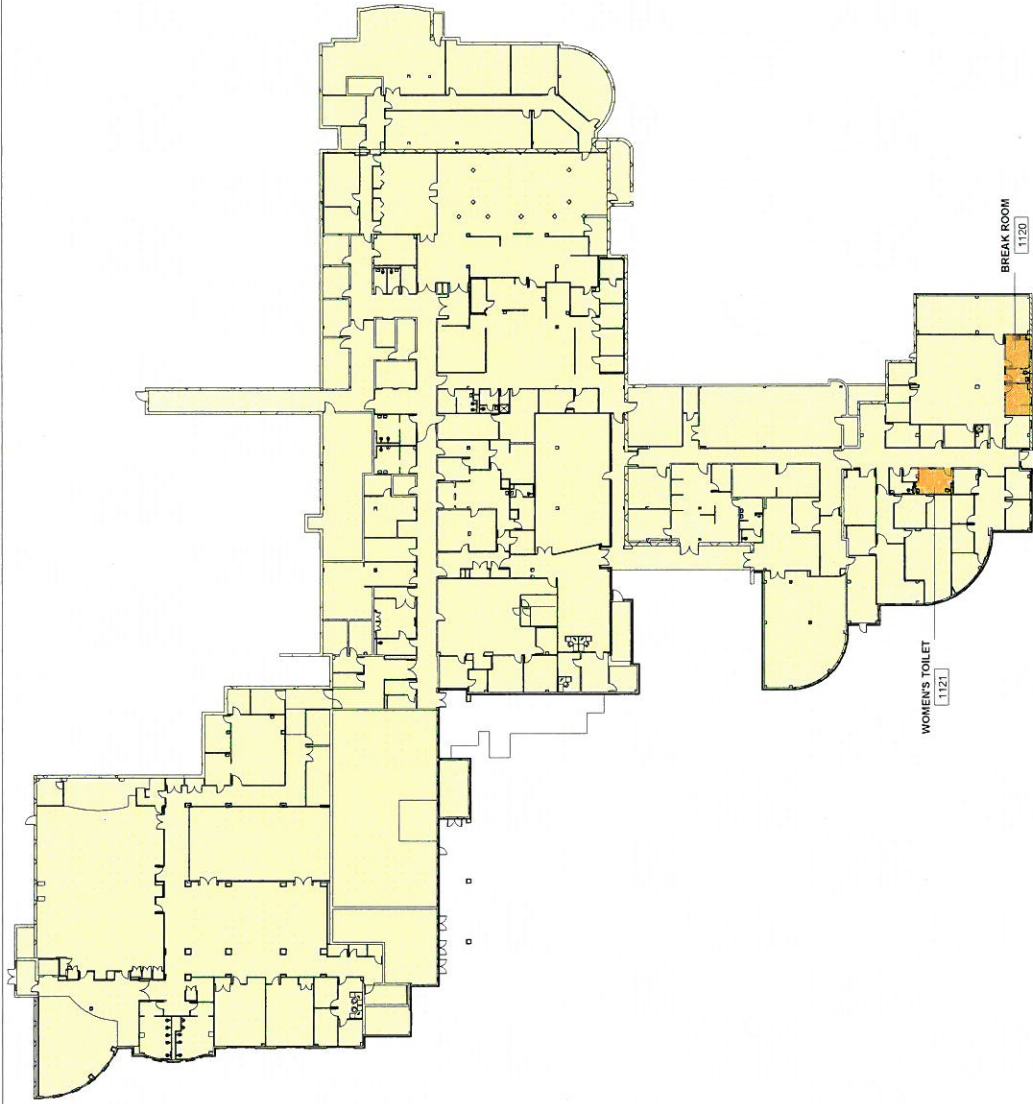
CHS Stanley



06/13/18

COLOR KEY

- EXISTING BUILDING
- RENOVATION
- NEW CONSTRUCTION



LEVEL 01 - EXISTING

Atrium Health



3RD & 4TH FLOOR RENOVATIONS

CHS Stanly

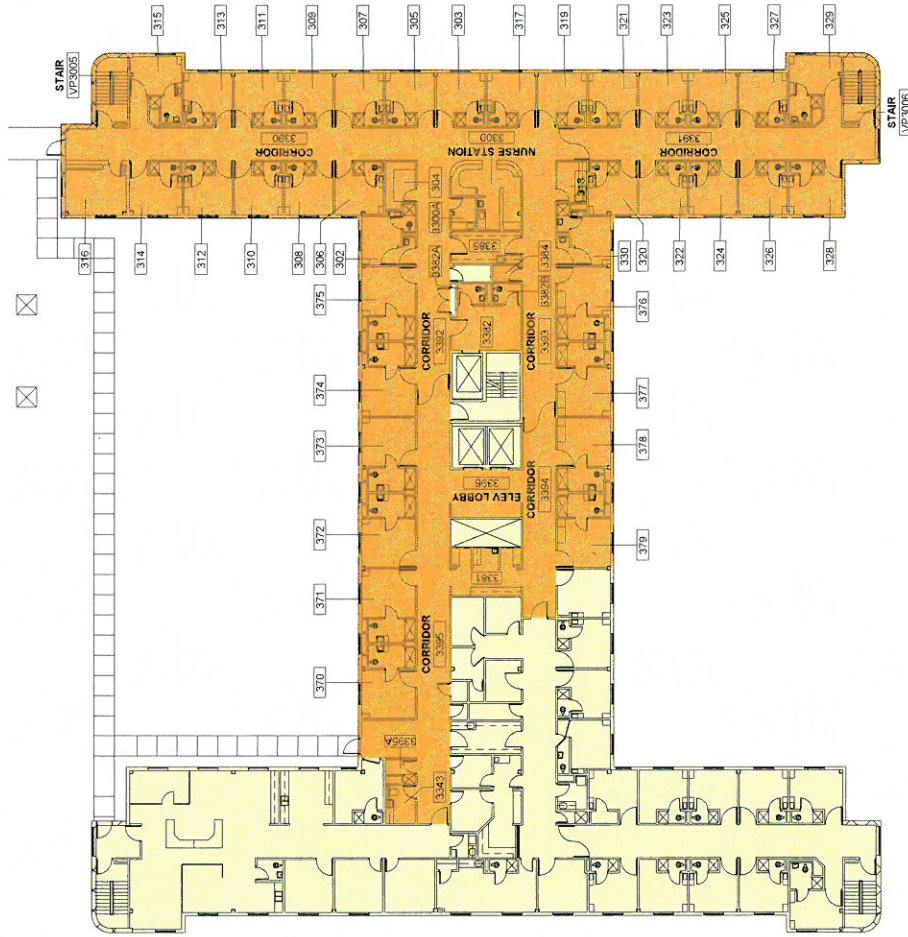
06/13/18

COLOR KEY

EXISTING BUILDING

RENOVATION

NEW CONSTRUCTION



LEVEL 03 - EXISTING

Atrium Health

3RD & 4TH FLOOR RENOVATIONS

CHS Stanly

06/13/18



COLOR KEY

EXISTING BUILDING

RENOVATION

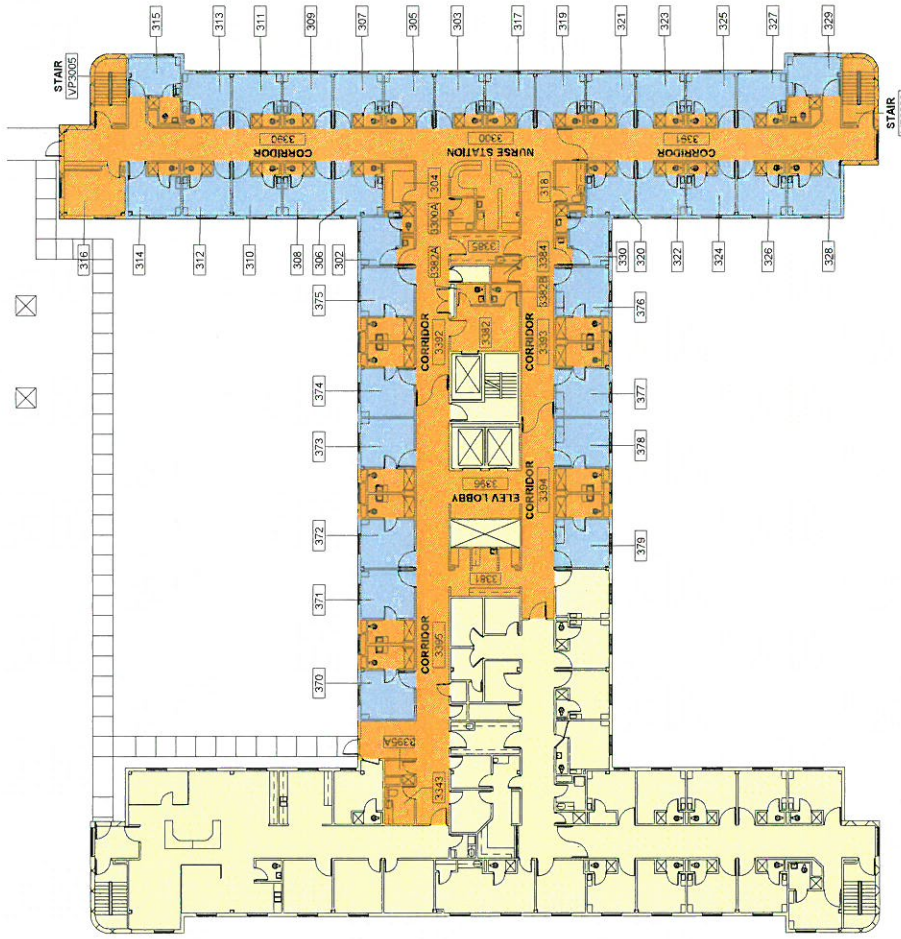
NEW CONSTRUCTION

BED LICENSE LEGEND

LICENSED BED

OBSERVATION

(36 LICENSED BEDS)



LEVEL 03 - EXISTING ENLARGED PLAN

Atrium Health

3RD & 4TH FLOOR RENOVATIONS

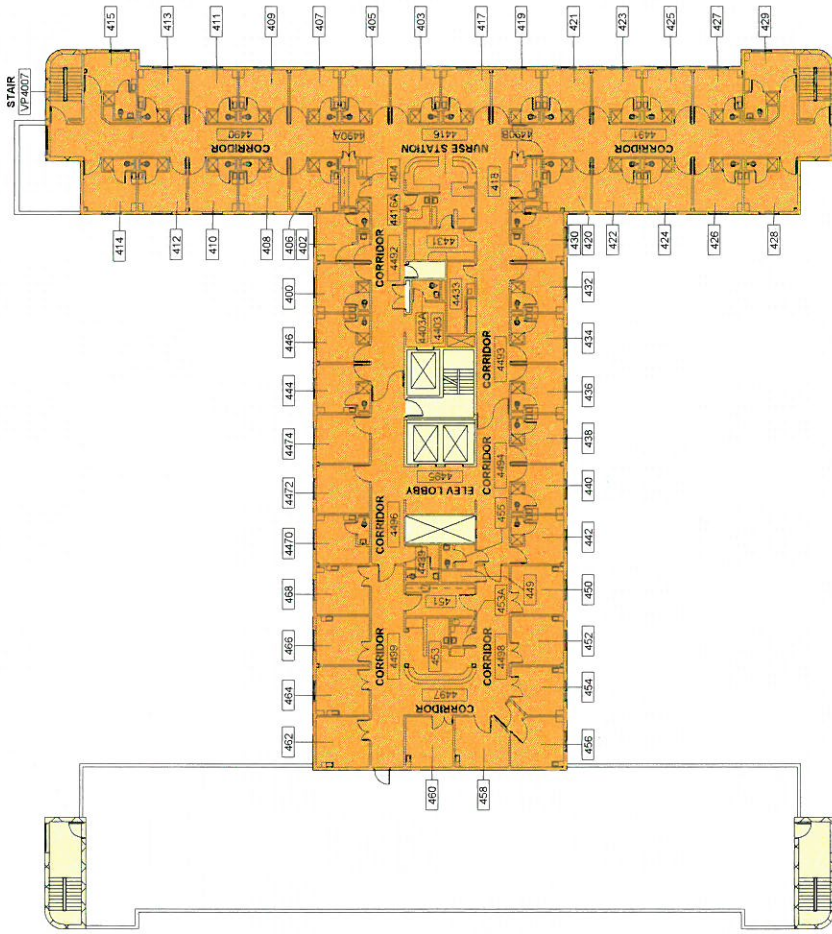
06/13/18

CHS Stanly



COLOR KEY

- EXISTING BUILDING
- RENOVATION
- NEW CONSTRUCTION



3RD & 4TH FLOOR RENOVATIONS
CHS Stanly

LEVEL 04 - EXISTING
Atrium Health

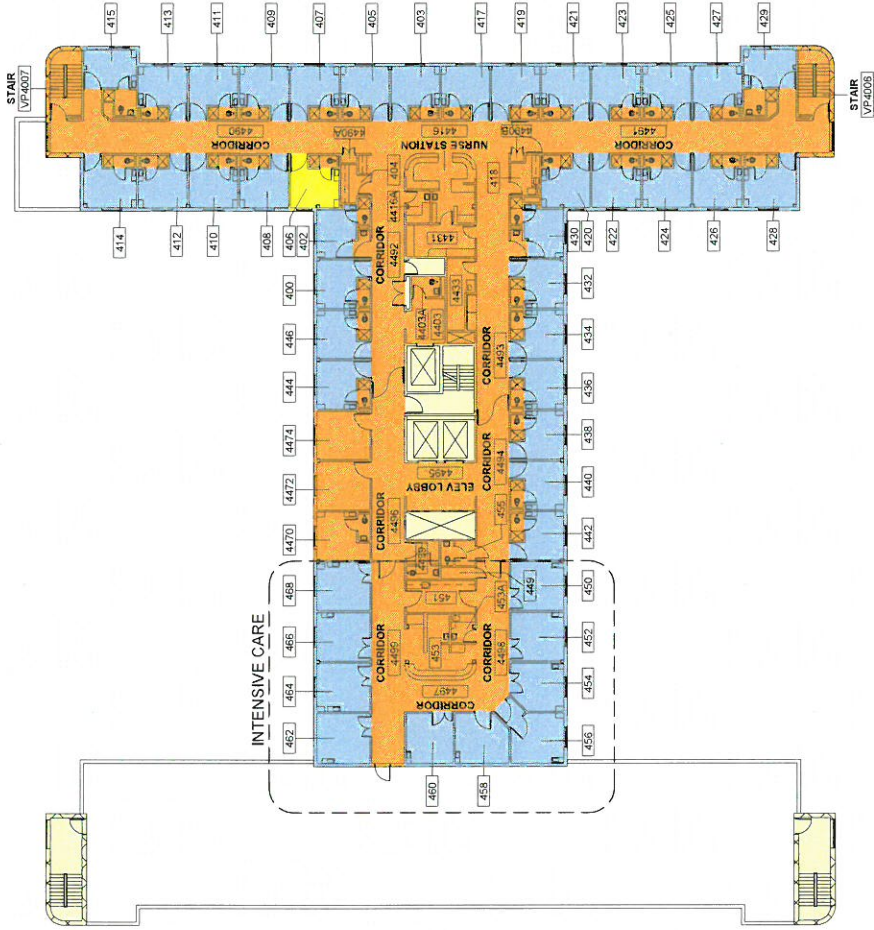
06/13/18

COLOR KEY

- EXISTING BUILDING
- RENOVATION
- NEW CONSTRUCTION

BED LICENSE LEGEND

- LICENSED BED
- OBSERVATION
- (44 LICENSED BEDS)



3RD & 4TH FLOOR RENOVATIONS

CHS Stanly

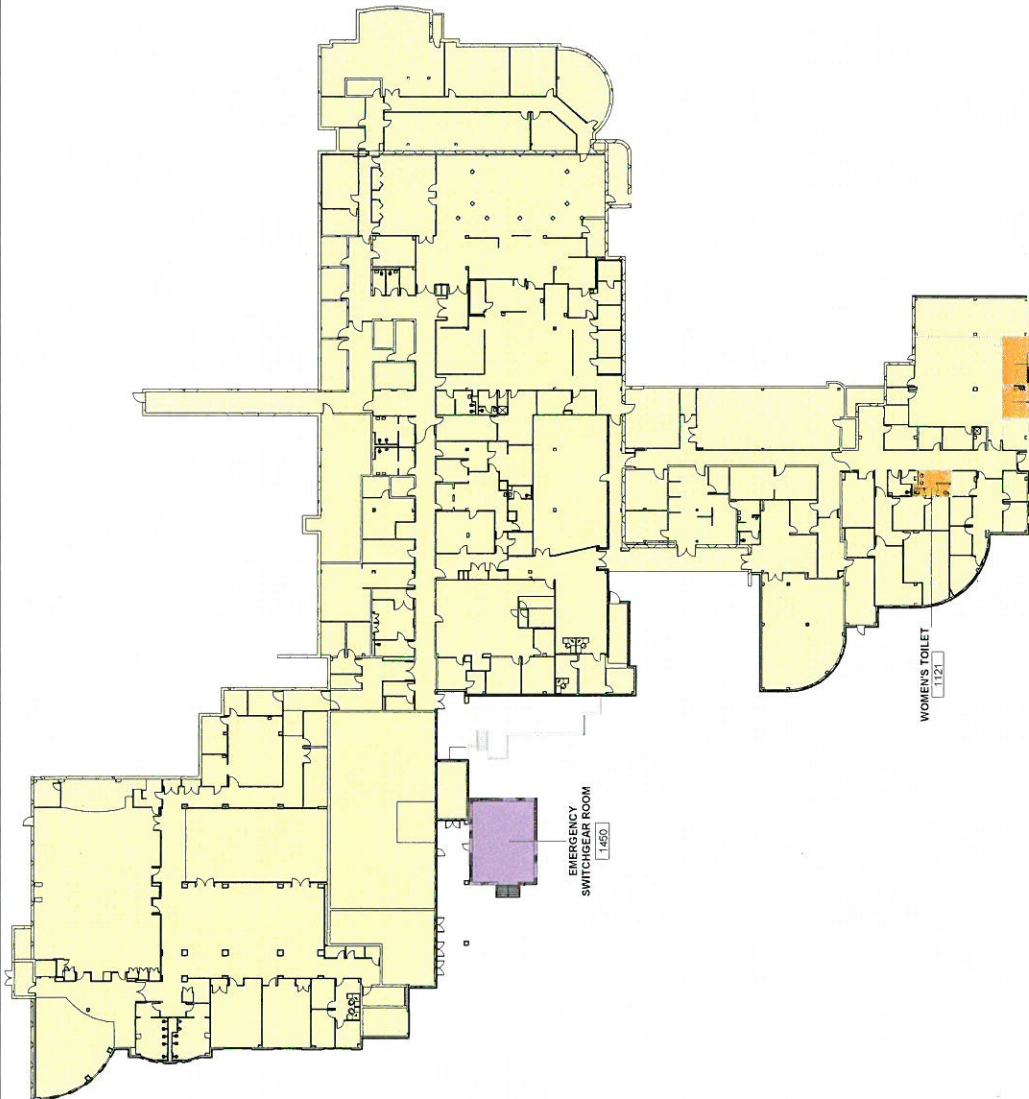
LEVEL 04 - EXISTING ENLARGED PLAN

Atrium Health

06/13/18

COLOR KEY

- EXISTING BUILDING
- RENOVATION
- NEW CONSTRUCTION



LEVEL 01 - PROPOSED
Atrium Health

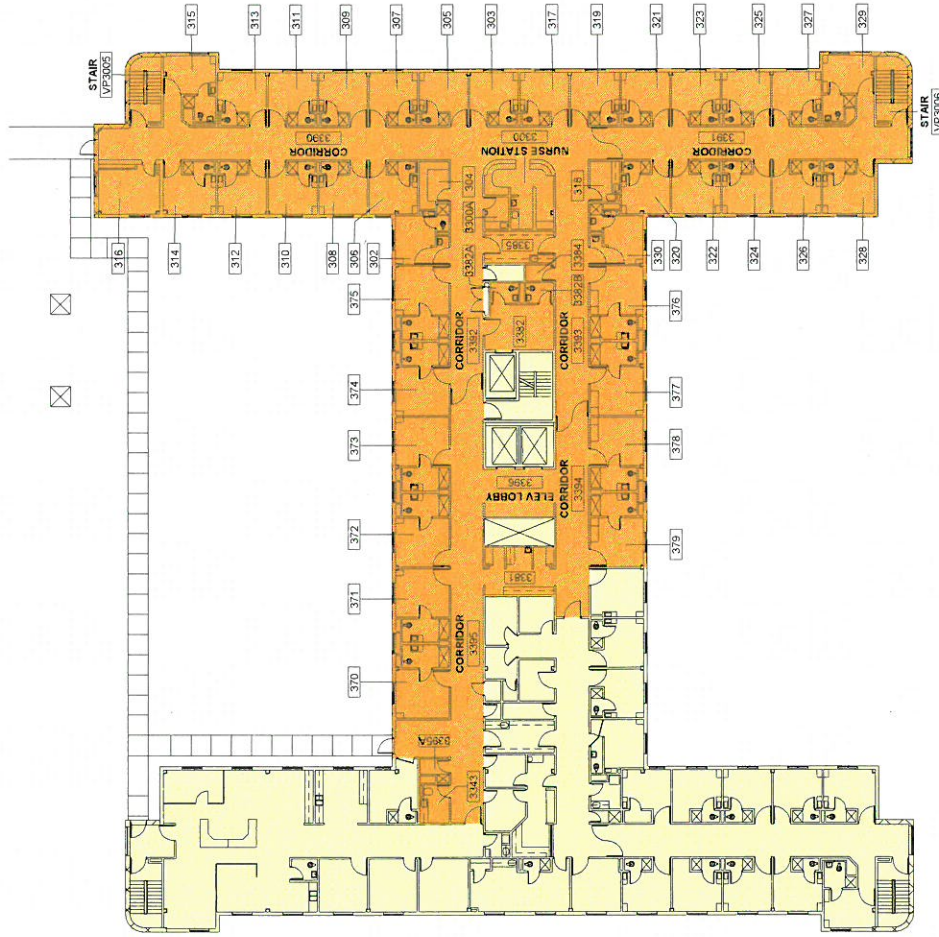
06/13/18



3RD & 4TH FLOOR RENOVATIONS
CHS Stanly

COLOR KEY

-  EXISTING BUILDING
-  RENOVATION
-  NEW CONSTRUCTION



LEVEL 03 - PROPOSED

Atrium Health

3RD & 4TH FLOOR RENOVATIONS

CHS Stanly

06/13/18

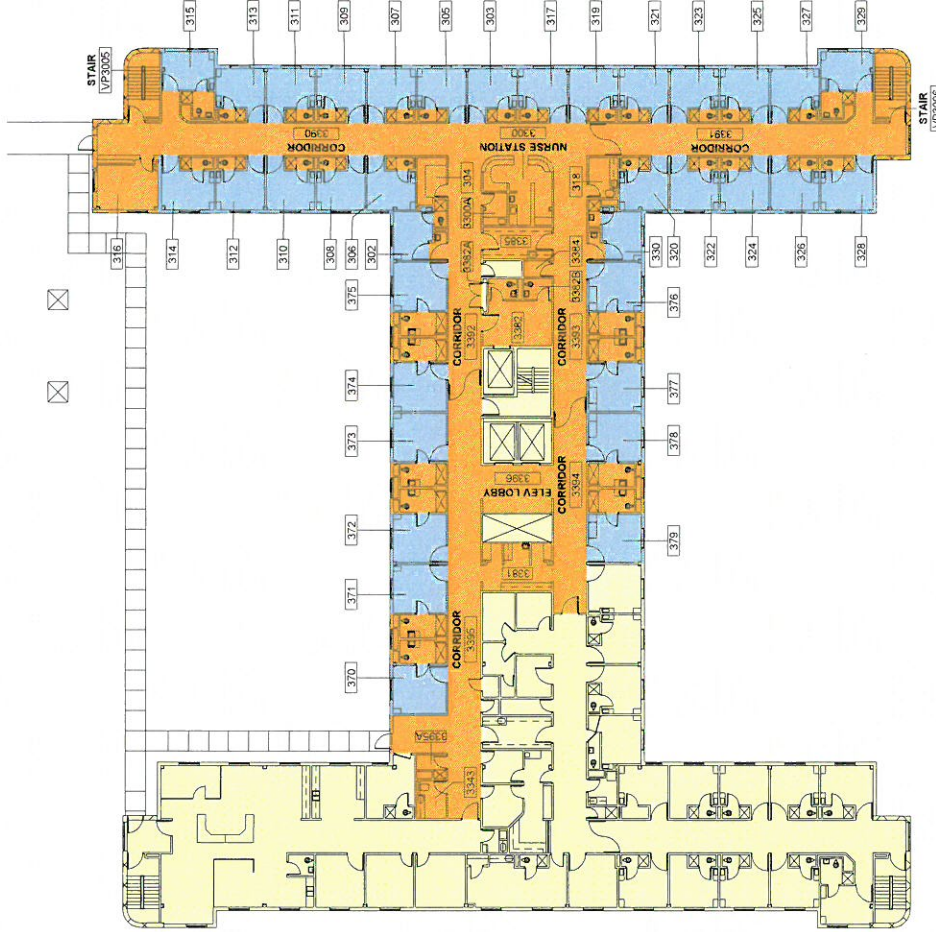


COLOR KEY

- EXISTING BUILDING
- RENOVATION
- NEW CONSTRUCTION

BED LICENSE LEGEND

- LICENSED BED
- OBSERVATION (36 LICENSED BEDS)



LEVEL 03 - PROPOSED ENLARGED PLAN

Atrium Health

06/13/18

3RD & 4TH FLOOR RENOVATIONS

CHS Stanly

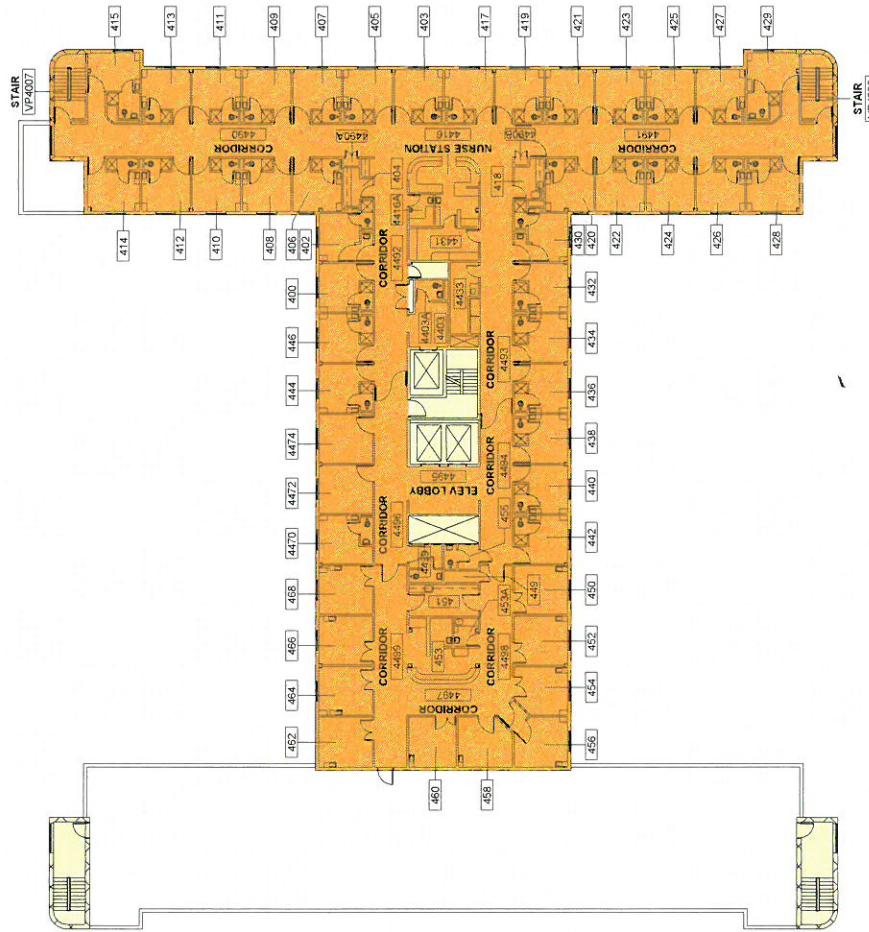


COLOR KEY

EXISTING BUILDING

RENOVATION

NEW CONSTRUCTION



3RD & 4TH FLOOR RENOVATIONS
CHS Stanly

LEVEL 04 - PROPOSED
Atrium Health

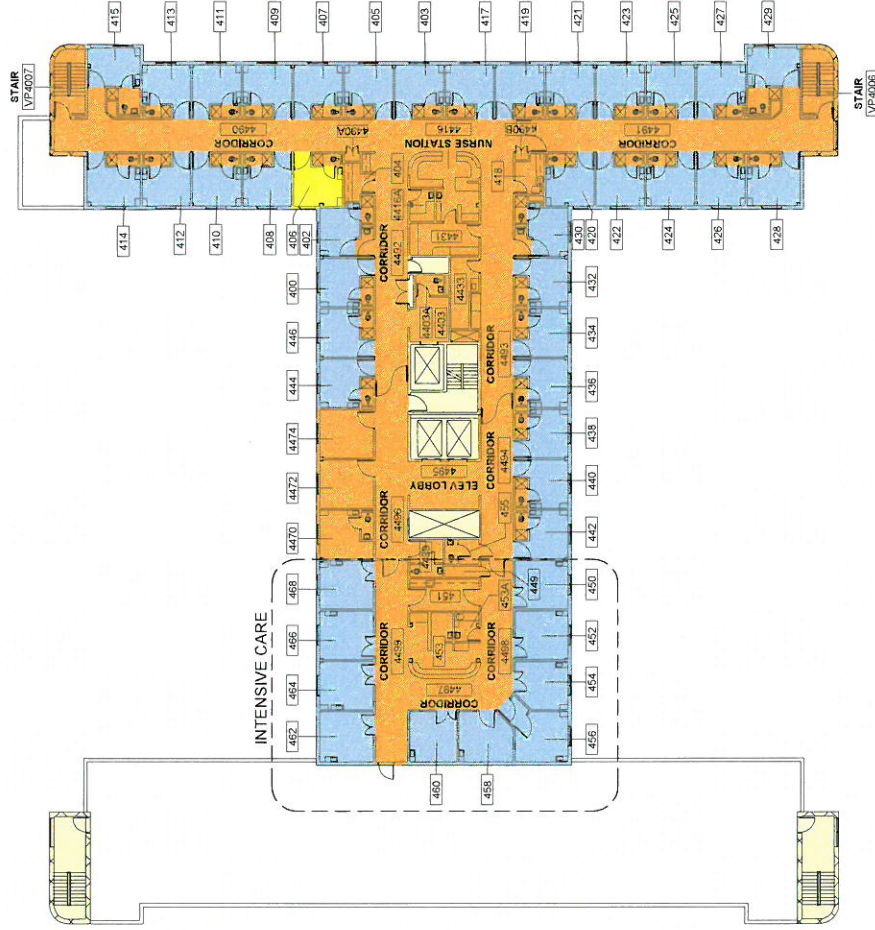
06/13/18

COLOR KEY

- EXISTING BUILDING
- RENOVATION
- NEW CONSTRUCTION

BED LICENSE LEGEND

- LICENSED BED
 - OBSERVATION
- (44 LICENSED BEDS)



3RD & 4TH FLOOR RENOVATIONS

CHS Stanly

LEVEL 04 - PROPOSED ENLARGED PLAN

Atrium Health

06/13/18

Attachment C

State of North Carolina

Department of Health and Human Services Division of Health Service Regulation

*Effective January 01, 2018, this license is issued to
The Charlotte Mecklenburg Hospital Authority*

*to operate a hospital known as
Carolinas HealthCare System Stanly
located in Albemarle, North Carolina, Stanly 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: 953472

License Number: H0008

Bed Capacity: 109

General Acute 97, Psych 12,

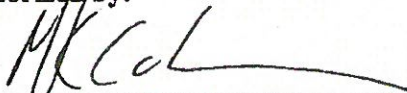
Dedicated Inpatient Surgical Operating Rooms: 1

Dedicated Ambulatory Surgical Operating Rooms: 0

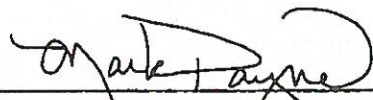
Shared Surgical Operating Rooms: 5

Dedicated Endoscopy Rooms: 2

Authorized by:



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



Director, Division of Health Service Regulation