



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

ROY COOPER • Governor
MANDY COHEN, MD, MPH • Secretary
MARK PAYNE • Director, Division of Health Service Regulation

December 20, 2019

Thomas Huyck
thuyck@apprhs.org

Exempt from Review

Record #: 3153
Facility Name: Watauga Medical Center, Inc.
FID #: 933533
Business Name: Appalachian Regional Healthcare System, Inc.
Business #: 82
Project Description: Relocate the cardiology center on the hospital campus to existing space to be renovated
County: Watauga

Dear Mr. Huyck:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of **December 6, 2019**, the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §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,

Ena Lightbourne
Project Analyst

Martha J. Frisone
Chief

cc: Construction Section, DHSR
Acute and Home Care Licensure and Certification Section, DHSR

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: 809 Ruggles Drive, 2704 Mail Service Center, Raleigh, NC 27699-2704
<https://info.ncdhhs.gov/dhsr/> • TEL: 919-855-3873

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

Lightbourne, Ena

From: Thomas Huyck <thuyck@apprhs.org>
Sent: Friday, December 13, 2019 2:42 PM
To: Lightbourne, Ena
Subject: [External] RE: Watauga Medical Center, Inc. Exemption request

CAUTION: External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to report.spam@nc.gov

Ena:

The current standalone building that houses cardiology will be demolished and the practice will be relocated in the main building of the hospital. In retrospect, I can see how that statement could be confusing. I hope this makes sense. If not, I would be happy to give you a call.

Thanks again,



Thomas W. Huyck, JD
Chief Legal Officer
(admitted in NC and GA)
Appalachian Regional Healthcare System, Inc.
(828) 268-8915 | apprhs.org

Confidentially Notice:

This message is intended exclusively for the individual or entity to which it is addressed. This communication may contain information that is proprietary, privileged or confidential or otherwise legally exempt from disclosure. If you are not the named addressee of this message, this message was not intended for you, and your receipt of this message was an inadvertent disclosure of the information and contents herein. If you are not the named addressee, you are not authorized to read, print, retain, copy, or disseminate this message or any part of it. If you have received this message in error, please notify the sender immediately by email and delete all copies of the message. The receipt of this email alone may not necessarily create an attorney-client privilege between you and the sender. Thank you.

From: Lightbourne, Ena <ena.lightbourne@dhhs.nc.gov>
Sent: Friday, December 13, 2019 1:35 PM
To: Thomas Huyck <thuyck@apprhs.org>
Subject: Watauga Medical Center, Inc. Exemption request

External Message

Good Afternoon Mr. Huyck,

My name is Ena Lightbourne and I'm with the Certificate of Need section of DHSR. I had a quick question regarding the exemption request for Watauga Medical Center. In the request its states "in addition, with respect to the proposed physician office building..." Will this physician office be located in the stand-alone building where the cardiology center is currently located or will it be located on the main campus at the new location of the cardiologist center?



**APPALACHIAN REGIONAL
HEALTHCARE SYSTEM**

VIA Overnight Courier



December 6, 2019

Ms. Martha J. Frisone
Chief
Healthcare Planning and Certificate of Need Section
North Carolina Department of Health and Human Services
Division of Health Service Regulation
809 Ruggles Drive
Raleigh, North Carolina 27603

RE: Exempt Project at Watauga Medical Center, Inc. (License # H0077; Watauga County) pursuant to N.C. Gen. Stat. §§ 131E-184(g) and (a)(9)

Dear Ms. Frisone:

Pursuant to N.C. Gen. Stat. §§ 131E-184(g) and (a)(9), Watauga Medical Center, Inc. (“Watauga Medical Center” or the “Hospital”) is providing prior written notice of its intention to renovate, replace, and expand existing health service facilities.

Proposed Project

Watauga Medical Center is an acute care hospital licensed by the state of North Carolina and accordingly an existing health service facility. The main campus of Watauga Medical Center is located at 336 Deerfield Road, Boone, Watauga County, North Carolina.

Watauga Medical Center proposes to relocate its Cardiology Center to the main hospital building (the “Cardiology Project”). The Cardiology Center, which is a department of the Hospital, is currently located in its own stand-alone building within 250 yards of the main hospital building on the Watauga Medical Center campus. The Hospital’s auditorium, along with certain offices and conference rooms, will be eliminated and renovated in order to accommodate the new Cardiology Center.

The Cardiology Project will allow Watauga Medical Center to modernize its Cardiology Center as well as better accommodate the needs of its patients and staff with more parking options and to provide needed space for medical staff offices that are convenient for the Hospital’s staff and patients. The current Cardiology Center has undergone minimal updates since its initial construction (circa 1990).

Enclosed are Exhibit A, which is a rendering of the existing floor plan of the main hospital building, and Exhibit B, a rendering of the proposed floor plan of the main hospital building upon completion of the Cardiology Project.

The estimated capital cost of the proposed Cardiology Project is approximately \$2.1 million. The project will not result in a change in the licensed bed capacity or number of

operating rooms at Watauga Medical Center. No “major medical equipment” as defined in N.C. Gen. Stat. § 131E-176(14o) will be acquired as part of this project.

Exemption Under N.C. Gen. Stat. § 131E-184(g) and (a)(9)

Watauga Medical Center believes that this proposal for renovations and expansion of its existing health service facility located at 336 Deerfield Road, Boone, Watauga County, North Carolina is exempt from certificate of need (“CON”) review pursuant to N.C. Gen. Stat. §§ 131E-184(g) and (a)(9).

Section 131E-184(g) of the CON Law states:

(g) The 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 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 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 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 prior written notice to the Department, along with supporting documentation to demonstrate that it meets the exemption criteria of this subsection.

N.C. Gen. Stat. § 131E-184(g).

Section 131E-176(14n) defines the “main campus” for purposes of N.C. Gen. Stat. §§ 131E-184(f) and (g) as:

(14n) “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.

§ 131E-176(14n).

Watauga Medical Center hereby confirms that, pursuant to N.C. Gen. Stat. §§ 131E-184(g)(1) and (2):

1. The proposed project will take place on the "main campus" of Watauga Medical Center which is located at 336 Deerfield Road, Boone, Watauga County, North Carolina. The location at 336 Deerfield Road is the site of the main building from which Watauga Medical Center, a licensed health service facility, provides clinical patient services and exercises financial and administrative control over the entire facility.
2. The sole purpose of the capital expenditure for the Cardiology Center Project is to renovate, replace on the same site, and to expand an existing health service facility that is located on the main campus of Watauga Medical Center.
3. The capital expenditure for the Cardiology Center Project will not result in (i) a change in bed capacity as defined in N.C. Gen. Stat. § 131E-176(5), or (ii) the addition of a health service facility or any other new institutional health service other than that allowed in N.C. Gen. Stat. § 131E-176(16)b.

In addition, with respect to the proposed physician office building, §131E-184(a)(9) of the CON Law provides:

(a) Except as provided in subsection (b), the 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: ...

(9) To develop or acquire a physician office building regardless of cost, unless a new institutional health service other than defined in G.S. 131E-176(16)b. is offered or developed in the building.

Watauga Medical Center hereby confirms that the proposed Cardiology Project will not develop or offer a new institutional health service other than defined in N.C. Gen. Stat. § 131E-176(16)b in that building without obtaining a CON.

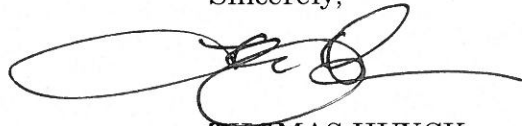
This letter provides the prior written notice required pursuant to N.C. Gen. Stat. §§ 131E-184(g)(3) and (a)(9).

The Hospital would like to begin construction in mid to late January and we would appreciate the Healthcare Planning and Certificate of Need Section's written confirmation that the renovation, replacement, and expansion of the Watauga Medical Center campus described above as the Cardiology Project is exempt from CON review.

Thank you for your time and attention to this matter.

Ms. Martha Frisone
December 6, 2019
Page 4

Sincerely,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

THOMAS HUYCK

Enclosures

AS-BUILT Drawings for:
Watauga Medical
Appal
Regional Healthca
 Boone, North Ca

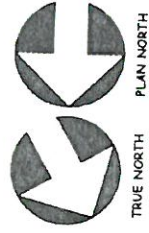
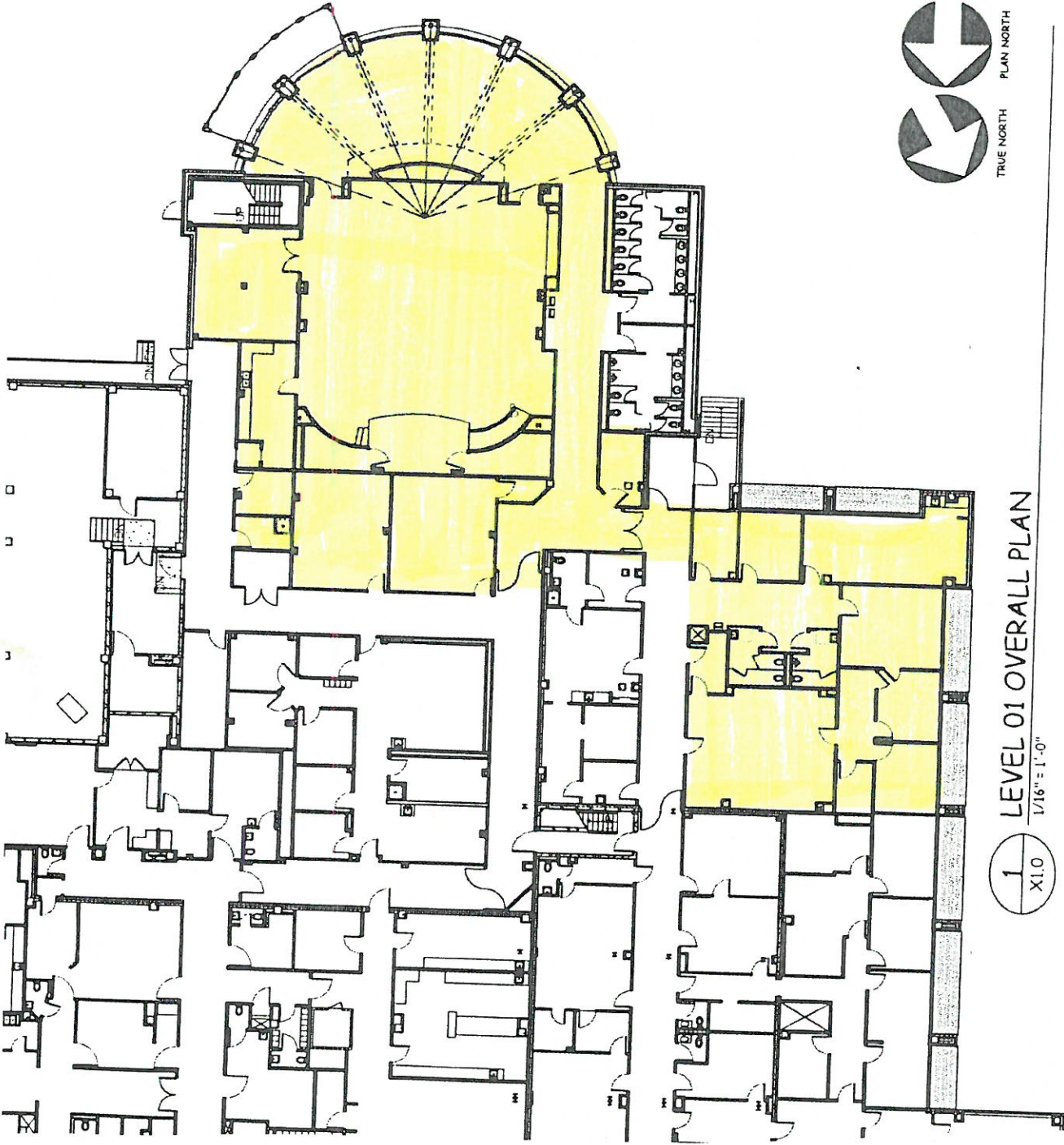
OWNERSHIP OF INSTRUMENTS OF SERVICE
 ALL REPORTS, SPECIFICATIONS, PLANS, COMPUTER FILED DATA, NOTES AND OTHER DOCUMENTS AND INSTRUMENTS OF SERVICE SHALL REMAIN THE PROPERTY OF THE ARCHITECT. THE DESIGN PROFESSIONAL SHALL BE RESPONSIBLE FOR ALL COMMON LAW AND STATUTORY RIGHTS RESERVED. THIS DRAWING IS THE PROPERTY OF THE ARCHITECTS AND SHOULD NOT BE REPRODUCED OR COPIED IN WHOLE OR IN PART. IT IS NOT TO BE USED ON ANY OTHER PROJECT AND IS TO BE RETURNED ON REQUEST.
 © COPYRIGHT 2012

Date: 12-14-12
 Revisions:
 OVERALL LEVEL 01

ARCHITECTURAL
X1.0

Comm. No. 12017.00

145 Union Street, South
 Concord, NC 28025
 704.788.2000
 Fax 788.2010



1
 X1.0
 LEVEL 01 OVERALL PLAN
 1/16" = 1'-0"

Exhibit B

COLOR LEGEND:

- CIRCULATION
- ENTRY/LOBBY
- VERTICAL CIRCULATION
- PATIENT CARE
- PATIENT SUPPORT
- SPECIAL CARE
- STAFF SUPPORT
- SUITE SUPPORT
- EQUIPMENT/STORAGE
- BUILDING SUPPORT

