



**NC DEPARTMENT OF
HEALTH AND
HUMAN SERVICES**

ROY COOPER • Governor

MANDY COHEN, MD, MPH • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

July 19, 2019

Elizabeth Frock Runyon
211 Friday Center Drive, Suite G014
Chapel Hill, NC 27517

Exempt from Review

Record #: 2994
Facility Name: Chatham Hospital
FID #: 933098
Business Name: Chatham Hospital, Incorporated
Business #: 478
Project Description: Renovate and expand existing obstetric and newborn services
County: Chatham

Dear Ms. Runyon:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of June 17, 2019, the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §131E-184(g). The above referenced proposal represents a slight change to the exemption previously approved on March 19, 2019, in that no new construction will be required. 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,

Bernetta Thorne-Williams
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
www.ncdhhs.gov/dhsr • TEL: 919-855-3873

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER



July 17, 2019

VIA ELECTRONIC MAIL

Bernetta Thorne-Williams
Certificate of Need Section
DHSR, DHHS
2704 Mail Services Center
Raleigh, NC 27699-2704
bernetta.williams@dhhs.nc.gov

RE: Update to Main Campus Exemption for Renovation and Expansion of Services at Chatham Hospital

Dear Ms. Thorne-Williams:

On January 28, 2019, Chatham Hospital provided prior written notice of its plans to undertake construction and renovation of existing space on its main campus in connection with offering obstetric and newborn services to its patients (the "Original Notice"). See Exhibit 1. The exemption was approved pursuant to N.C. Gen. Stat. § 131E-184(g) as described in correspondence from the Agency dated March 19, 2019. See Exhibit 2.

Since providing its Original Notice, Chatham Hospital has made some slight revisions to its construction plans, which will result in lower capital costs. Specifically, Chatham Hospital plans to develop its new OB suite by renovating existing space instead of building new construction. Attached as Exhibit 3 is a summary of the revisions to the project, the revised capital costs, and the revised floorplan. However, despite this minor change, this project still qualifies for the main campus exemption in N.C. Gen. Stat. § 131E-184(g), as explained below:

(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.*

According to N.C. Gen. Stat. § 131E-176(14n), “main campus” means all of the following for 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.*

Despite the proposed adjustments to this project, Chatham Hospital’s proposed capital expenditure still meets these criteria.

As described in the Original Notice, Chatham Hospital is a critical access hospital (“CAH”) in Siler City, Chatham County, which provides acute care services in its 25 licensed acute care beds. Of those 25 acute care beds, 4 are intensive care unit (“ICU”) beds and 21 are general medical/surgical beds. Chatham Hospital intends to expand the existing acute care services it provides at its hospital by adding obstetric services for women and neonatal care to full term and pre-term neonates who are stable without complications. Specifically, upon completion of its project, Chatham Hospital intends to provide Level I maternity care and Level I neonatal services, as that term is defined in 10A NCAC 14C.1401 and 10A NCAC 13B.4305(a)(1). Chatham Hospital does not propose to provide neonatal intensive care services as part of this project. In accordance with 10A NCAC 13B .4301, Chatham Hospital will establish and maintain a plan for stabilization and transportation of sick newborns to a regional neonatal unit.

In order to accomplish the renovation of hospital space and expansion of hospital services as efficiently as possible while minimizing disruption to patient care, Chatham Hospital plans to take the following steps:

- Renovate 4300 square feet of existing administrative and inpatient space, to house the new OB suite for labor and delivery and newborn care. See Exhibit 3. Five (5) of Chatham Hospital’s general medical/surgical beds will be converted into three (3) LRDP beds and two (2) post-partum beds to create this OB suite with a newborn nursery. There will also be one LDR room, which is unlicensed and does not require conversion of an acute care bed. Thus, after the renovation is complete, there will be 16 general medical/surgical beds and four (4) ICU beds remaining at Chatham Hospital. The total licensed bed count will be unchanged at 25.

- Upon completion of the renovation, C-Sections will be performed in Chatham Hospital's existing two (2) licensed operating rooms. These operating rooms are in close physical proximity to the proposed OB suite.

As referenced above, Chatham Hospital has included floorplans to illustrate its proposed renovation plans. Exhibit 3 identifies the new OB suite in renovated space in blue.

Additionally, even though this project is exempt from CON law and is not subject to a \$2,000,000 cost threshold, Chatham Hospital has provided the revised cost estimate from its architect for this project. Exhibit 3 provides a description of the project scope and a detailed estimate of project costs totaling \$2,412,319.

Chatham Hospital believes it meets all requirements contained in the main campus exemption in N.C. Gen. Stat. § 131E-184(g), because:

- 1) The sole purpose of the capital expenditure is to renovate a portion of the hospital on its main campus. Chatham Hospital proposes to renovate its existing hospital footprint to expand the acute care services it provides at the main campus of its hospital to include OB services. The location of this proposed renovation at Chatham Hospital is the main building from which the hospital, a licensed health service facility, provides clinical patient services and exercises financial and administrative control over the entire facility.
- 2) The capital expenditure does not result in a change in bed capacity as defined in N.C. Gen. Stat. § 131E-176(5) or the addition of a health service facility or new institutional health service other than allowed in N.C. Gen. Stat. § 131E-176(16)b. As described above, Chatham Hospital will be licensed for 25 acute care beds both before and after completion of the project. Five (5) medical/surgical beds will be converted to LDRP and post-partum beds, but there will be no change in bed capacity and no new institutional health service added.
- 3) This correspondence and the exhibits attached hereto serve as Chatham Hospital's updated prior written notice to the Department that it meets the main campus exemption criteria as outlined in N.C. Gen. Stat. § 131E-184(g).

In addition, Chatham Hospital will work closely with the Division of Health Service Regulation, including the Construction Section and the Acute and Home Care Licensure and Certification Section, to make sure that development of its project complies with all applicable regulations.

Chatham Hospital requests written confirmation that this updated plan remains exempt from CON review because it meets the requirements of the CON exemption in N.C.G.S. § 131E-184(g). Please do not hesitate to contact me at 984-215-3622 if you need any additional information. Thank you for attention to this matter.

July 17, 2019
Page 4

Sincerely,

A handwritten signature in blue ink that reads "Elizabeth Frock Runyon". The signature is fluid and cursive, with the first name being the most prominent.

Elizabeth Frock Runyon
System Director of Regulatory Affairs
Strategic Planning
UNC Health Care

cc: Jeffery Strickler
Andrew C. Hannapel, MD



January 28, 2019

VIA ELECTRONIC MAIL

Bernetta Thorne-Williams
Certificate of Need Section
DHSR, DHHS
2704 Mail Services Center
Raleigh, NC 27699-2704
bernetta.williams@dhhs.nc.gov

RE: Notice of Main Campus Exemption for Renovation and Expansion of Services at
Chatham Hospital

Dear Ms. Thorne-Williams:

Pursuant to N.C. Gen. Stat. § 131E-184(g), Chatham Hospital provides this prior written notice of its plans to undertake construction and renovation of existing space on its main campus in connection with offering obstetric and newborn services to its patients. Chatham Hospital is an existing acute care hospital located in Siler City, and thus is an existing licensed health service facility.

This exemption is pursuant to the Main Campus Exemption provision of N.C. Gen. Stat. § 131E-184(g), which provides that:

(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.*

According to N.C. Gen. Stat. § 131E-176(14n), "main campus" means all of the following for 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.*

As described in detail in this correspondence, Chatham Hospital's proposed capital expenditure meets these criteria and thus Chatham Hospital believes its project is exempt from Certificate of Need Law.

Chatham Hospital is a critical access hospital ("CAH") in Siler City, Chatham County, which provides acute care services in its 25 licensed acute care beds. Of those 25 acute care beds, 4 are intensive care unit ("ICU") beds and 21 are general medical/surgical beds.

To respond to patient demand and ensure access to quality obstetric and newborn care for women and families in Chatham County (and surrounding areas), Chatham Hospital intends to expand the existing acute care services it provides at its hospital by adding obstetric services for women and neonatal care to full term and pre-term neonates who are stable without complications. Specifically, upon completion of its project, Chatham Hospital intends to provide Level I maternity care and Level I neonatal services, as that term is defined in 10A NCAC 14C.1401 and 10A NCAC 13B.4305(a)(1). Chatham Hospital does not propose to provide neonatal intensive care services as part of this project. In accordance with 10A NCAC 13B .4301, Chatham Hospital will establish and maintain a plan for stabilization and transportation of sick newborns to a regional neonatal unit.

In order to accomplish the renovation of hospital space and expansion of hospital services as efficiently as possible while minimizing disruption to patient care, Chatham Hospital plans to take the following steps:

- Build 2800 square feet of new space, which will house Chatham Hospital's relocated ICU services. A floorplan of Chatham Hospital's existing space is attached as Exhibit 1, and a floorplan reflecting the planned renovation and expansion is attached as Exhibit 2. Chatham Hospital's 4 existing ICU beds will be relocated from the existing main hospital space to the newly added ICU space, which will be physically connected to the main hospital facility. See Exhibits 1 and 2.
- Renovate the space vacated by ICU services to create an OB suite for labor and delivery and newborn care. See Exhibit 2. Four (4) of Chatham Hospital's general medical/surgical beds will be converted into 2 LRDP beds and 2 post-partum beds to create this OB suite with a newborn nursery. There will also be one LDR room, which is unlicensed and does not require conversion of an acute care bed. Thus, after the renovation and expansion project is complete, there will be 17 general medical/surgical beds remaining at Chatham Hospital.

- Upon completion of the renovation and expansion, C-Sections will be performed in Chatham Hospital's existing two (2) licensed operating rooms. These operating rooms are in close physical proximity to the proposed OB suite.

As referenced above, Chatham Hospital has included floorplans to illustrate its proposed renovation and expansion plans. Exhibit 2 identifies the space that will be added for ICU services in pink, and identifies the new OB suite in renovated space in blue.

Additionally, even though this project is exempt from CON law and is not subject to a \$2,000,000 cost threshold, Chatham Hospital has provided a cost estimate from its architect for this project. Exhibit 3 provides a description of the project scope and a detailed estimate of project costs totaling \$4,088,900.00.

Chatham Hospital believes it meets all requirements contained in the main campus exemption in N.C. Gen. Stat. § 131E-184(g), because:

- 1) The sole purpose of the capital expenditure is to renovate and expand a portion of the hospital on its main campus. Chatham Hospital proposes to expand its hospital footprint to relocate its existing ICU services, and to renovate its existing hospital footprint to expand the acute care services it provides at the main campus of its hospital to include OB services. The location of this proposed renovation and expansion at Chatham Hospital is the main building from which the hospital, a licensed health service facility, provides clinical patient services and exercises financial and administrative control over the entire facility.
- 2) The capital expenditure does not result in a change in bed capacity as defined in N.C. Gen. Stat. § 131E-176(5) or the addition of a health service facility or new institutional health service other than allowed in N.C. Gen. Stat. § 131E-176(16)b. As described above, Chatham Hospital will be licensed for 25 acute care beds both before and after completion of the project. Four (4) medical/surgical beds will be converted to LDRP and post-partum beds, but there will be no change in bed capacity and no new institutional health service added.
- 3) This correspondence and the exhibits attached hereto serve as Chatham Hospital's prior written notice to the Department that it meets the main campus exemption criteria as outlined in N.C. Gen. Stat. § 131E-184(g).

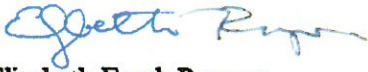
In addition, Chatham Hospital will work closely with the Division of Health Service Regulation, including the Construction Section and the Acute and Home Care Licensure and Certification Section, to make sure that development of its project complies with all applicable regulations.

Chatham Hospital requests confirmation that the renovations and expansion of hospital services on its main campus, as described in detail above, meet the requirements of

January 28, 2019
Page 4

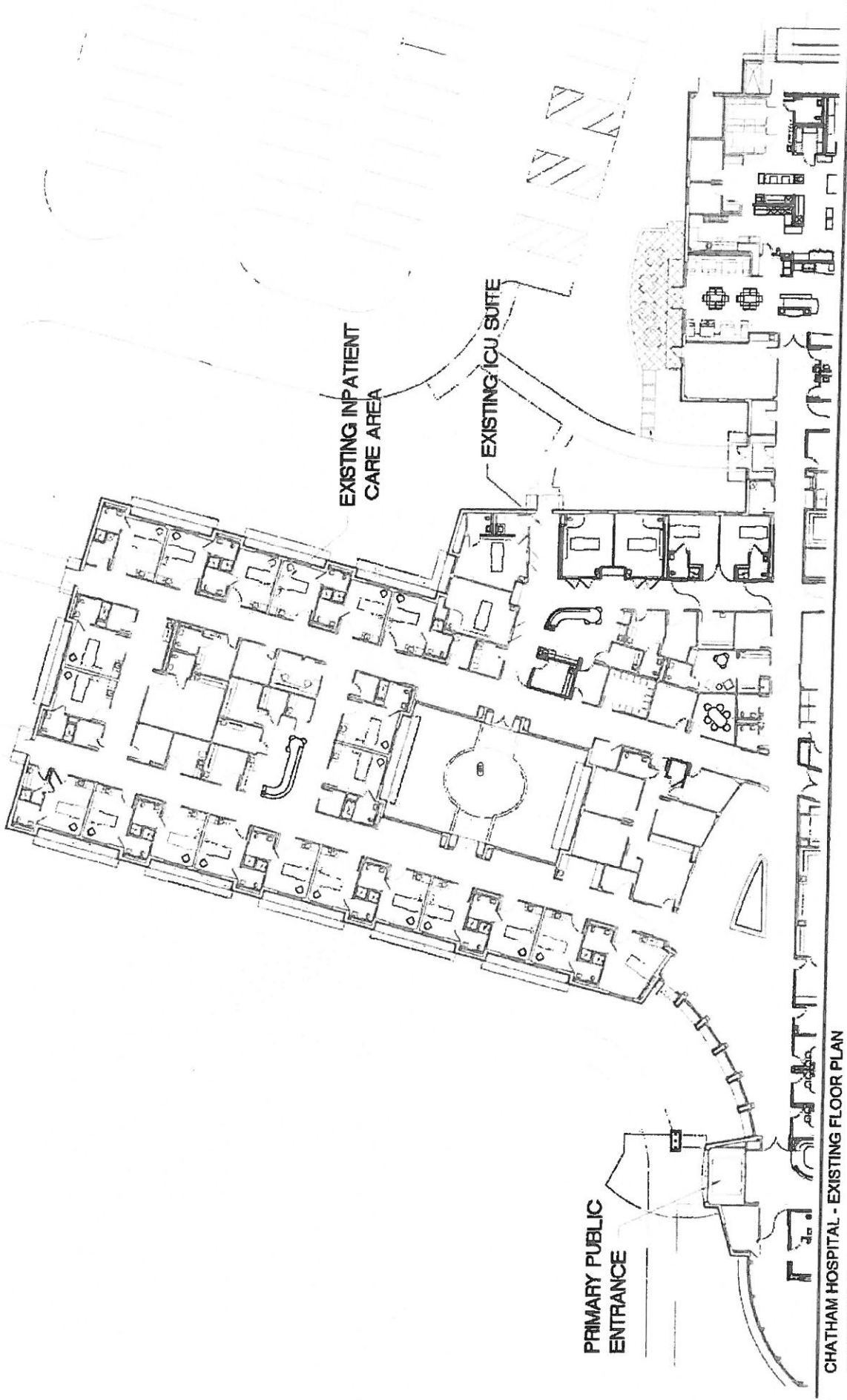
the CON exemption in N.C.G.S. § 131E-184(g). Please provide written confirmation that this proposal is exempt from CON review. Please do not hesitate to contact me at 984-215-3622 if you need any additional information. Thank you for attention to this matter.

Sincerely,

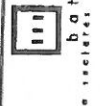


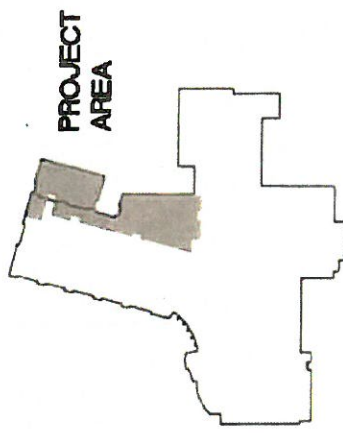
Elizabeth Frock Runyon
System Director of Regulatory Affairs
Strategic Planning
UNC Health Care

cc: Robert A. Enders, Jr.
Andrew C. Hannapel, MD



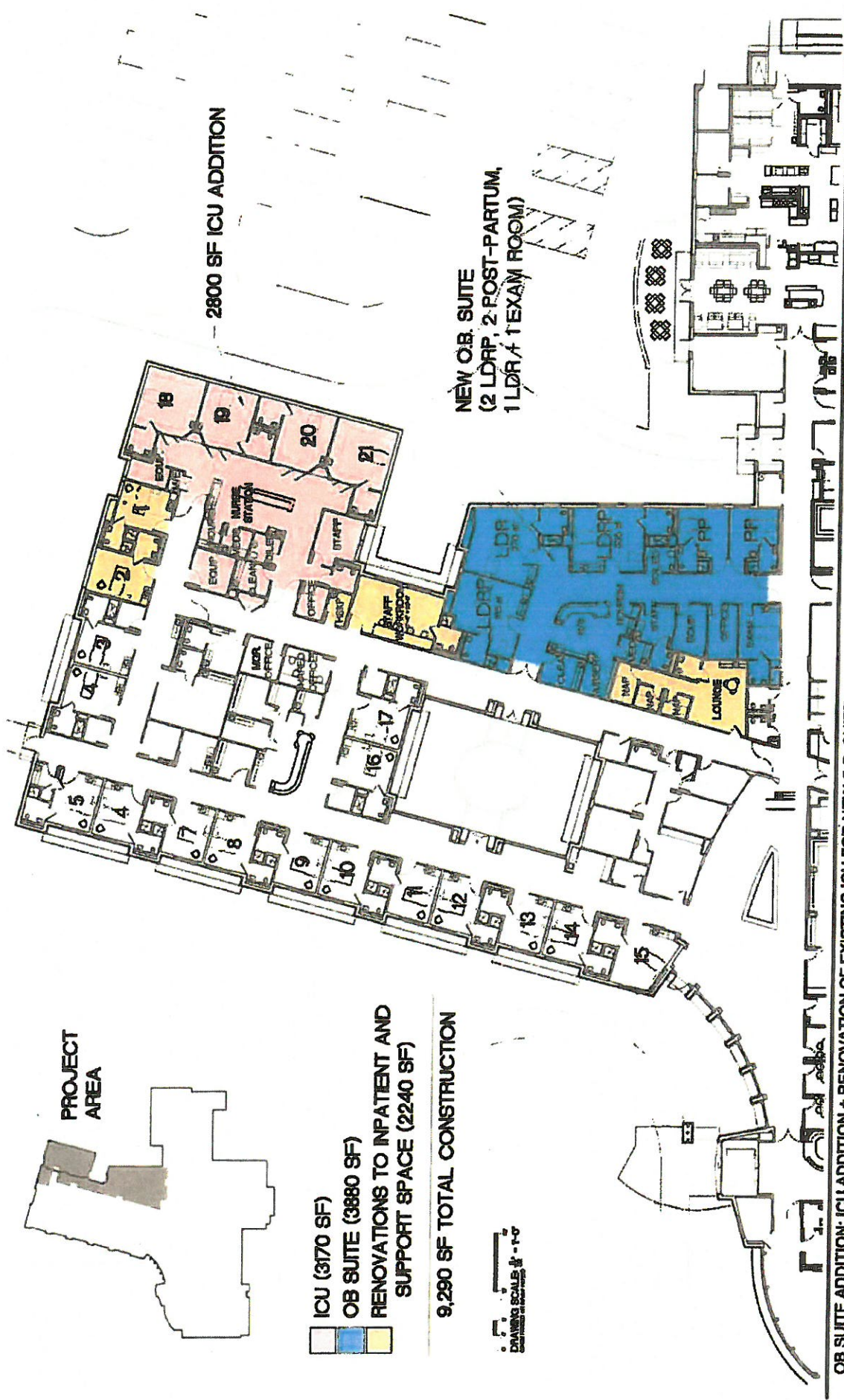
CHATHAM HOSPITAL - EXISTING FLOOR PLAN
CHATHAM HOSPITAL, SILER CITY, NC
PRELIMINARY DESIGN STUDIES - 24 JANUARY 2019





- ICU (3170 SF)
 - OB SUITE (3880 SF)
 - RENOVATIONS TO INPATIENT AND SUPPORT SPACE (2240 SF)
- 9,290 SF TOTAL CONSTRUCTION

DRAWING SCALE: 1/8" = 1'-0"

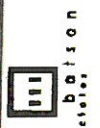


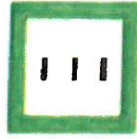
2800 SF ICU ADDITION

NEW O.B. SUITE
(2 LDRP, 2 POST-PARTUM,
1 LDR & 1 EXAM ROOM)

OB SUITE ADDITION: ICU ADDITION + RENOVATION OF EXISTING ICU FOR NEW O.B. SUITE

CHATHAM HOSPITAL, SILER CITY, NC
PRELIMINARY DESIGN STUDIES - 24 JANUARY 2019





batson
a s s o c i a t e s

24 January 2019

Mr. Robert A. Enders, Jr.
President
Chatham Hospital
475 Progress Blvd.
Siler City, NC 27344

RE: Obstetric Unit Renovation/ICU Addition
Chatham Hospital
Project No.: 2018-22

Dear Robert,

We have completed the programming and conceptual design phases for the above listed project. The purpose of this letter is to address the scope and projected costs for the project. Floor plan drawings and projected construction costs are attached for your reference.

PROJECT SCOPE

The project scope includes a new +/-2800 sf addition to house the re-located ICU Department and a interior renovations of the vacated suite for repurposing as an Obstetric Unit. Limited interior renovations will also occur within adjacent areas of the Inpatient Unit and include improvements to the nursing support areas and creation of an on-call area.

Sitework will be limited to the area near the proposed addition which will encroach into the existing staff parking lot.

A conceptual floor plan is attached for reference.

Batson Associates, Inc
415 W. Washington Street Greenville, South Carolina 29601
www.batsonassociates.com

tel 864.233.2232
fax 864.235.5318

Architecture • Master Planning • Space Programming

Exhibit 3

PROJECT COSTS

Based on current construction market conditions and our database for similar healthcare projects, we estimate project costs as follows:

ITEM	
Sitework	Included within cost of New Construction
Building Renovation	\$1,643,900.00 <i>Major Renovation: 4270 SF @ \$320.00/SF Moderate/Minor Renovation: 2220 SF @ 125.00/SF</i>
New Construction	\$1,176,000.00 <i>2800 SF @ \$420.00/SF</i>
Equipment/Furnishings (20%)	\$564,000.00
Fees (10% - Legal, A/E, Testing, etc.)	\$282,000.00
Contingency (15%)	\$423,000.00
TOTAL	\$4,088,900.00

Note: FFE, Fees and Contingency are noted percentages of the total estimated cost of Renovation and New Construction

The project will be designed to comply with North Carolina Division of Health Service Regulation and all national, state and local requirements. NC DHSR will review the construction documents and provide inspections with the architects at intervals appropriate to the stage of completion.

Sincerely,



Louis P. Batson III, AIA
CEO
NC Architectural License # : 6725



**NC DEPARTMENT OF
HEALTH AND
HUMAN SERVICES**

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

March 19, 2019

Elizabeth Frock Runyon
211 Friday Center Drive, Suite G014
Chapel Hill, NC 27517

Exempt from Review

Record #: 2903
Facility Name: Chatham Hospital
FID #: 933098
Business Name: Chatham Hospital, Incorporated
Business #: 478
Project Description: Renovate and expand existing obstetric and newborn services
County: Chatham

Dear Ms. Runyon:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of January 28, 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,

Bernetta Thome-Williams
Project Analyst

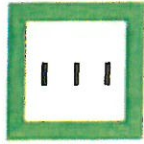
Martha J. Frisone
Chief, Healthcare Planning and
Certificate of Need Section

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
www.ncdhhs.gov/dhsr • TEL: 919-855-3873

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER



batson
a s s o c i a t e s

15 July 2019

Mr. Jeff Strickler
President
Chatham Hospital
475 Progress Blvd.
Siler City, NC 27344

RE: Maternal Care Center – Revised
Chatham Hospital
Project No.: 2019-06

Dear Jeff,

We have revised the programming and conceptual design phases for the above listed project. The purpose of this letter is to address the scope and projected costs for the project. Floor plan drawings and projected construction costs are attached for your reference.

PROJECT SCOPE

The project scope includes +/-4300 sf of renovation to existing Administrative and Inpatient Rooms to create a new Maternal Care Center (Obstetric Suite). The scope of the project is revised from a previously approved plan.

A conceptual floor plan of the revised project is attached for reference.

Batson Associates, Inc
415 W. Washington Street Greenville, South Carolina 29601
www.batsonassociates.com

tel 864.233.2232
fax 864.235.5318

Architecture • Master Planning • Space Programming

Exhibit 3

PROJECT COSTS

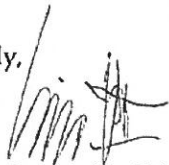
Based on current construction market conditions and our database for similar healthcare projects, we estimate project costs as follows:

ITEM	
Building Renovation	\$1,301,575.00 <i>Major Renovation: 2130 SF @ +/- \$400.00/SF Moderate/Minor Renovation: 5377 SF @ +/- 125.00/SF</i>
Equipment & Furnishings	\$654,236.00
Professional Fees (Legal, A/E, Testing, etc.)	\$237,206.00
Contingency (10%)	\$219,302.00
TOTAL	\$2,412,319.00

Note: FFE, Fees and Contingency are noted percentages of the total estimated cost of Renovation and New Construction

The project will be designed to comply with North Carolina Division of Health Service Regulation and all national, state and local requirements. NC DHSR will review the construction documents and provide inspections with the architects at intervals appropriate to the stage of completion.

Sincerely,

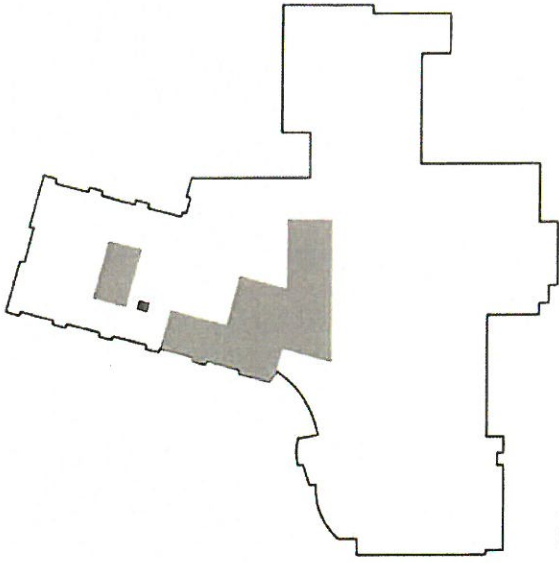


Louis P. Batson III, AIA
CEO

NC Architectural License # : 6725

**787 SF NURSE
AREA UPFIT**

**4, 298 SF NEW O.B.
SUITE (3 LDRP, 1
EXAM/LDR, 2
POST-PARTUM**



KEY PLAN

NURSE AREA UPFIT

NEW O.B. SUITE

O.B. / STAFF AREA

**TOTAL CONSTRUCTION
AREA = 5,707 SF**



CERTIFICATE OF NEED FLOOR PLAN

2019-06 07/02/19 OB SUITE



**batson
associates**



Effective January 01, 2019, this license is issued to

Chatham Hospital, Inc.

to operate a hospital known as

Chatham Hospital, Inc.

located in Siler City, North Carolina, Chatham 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: 933098

License Number: H0007

Bed Capacity: 25

General Acute 25

Dedicated Inpatient Surgical Operating Rooms: 0

Dedicated Ambulatory Surgical Operating Rooms: 0

Shared Surgical Operating Rooms: 2

Dedicated Endoscopy Rooms: 1

