



**NC DEPARTMENT OF
HEALTH AND
HUMAN SERVICES**

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

March 14, 2019

Craig B. James
 233 Doctors Street
 Sparta, NC 28675

Exempt from Review

Record #: 2897
Facility Name: Alleghany Memorial Hospital
FID #: 942935
Business Name: Alleghany County Memorial Hospital, Inc.
Business #: 58
Project Description: Renovate the inpatient wing and construct a new medical office building on the main campus
County: Alleghany

Dear Mr. James:

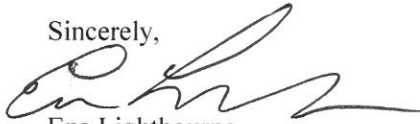
The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of & (date), the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §131E-184(g). Therefore, you may proceed to offer, develop or establish the above referenced project without a certificate of need.

However, you need to contact the Agency’s Construction and the 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, Healthcare Planning and
 Certificate of Need Section

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



March 5, 2019

Ms. Martha Frisone, Chief
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
2704 Mail Service Center
Raleigh, NC 27699-2704

Re: Alleghany Memorial Hospital (FID # 942935 Lic # H0108) Request for Confirmation of CON Exemption, Hospital Renovations

Dear Ms. Frisone,

Pursuant to N.C.G.S. § 131E-184(g), Exemptions from Certificate of Need Review, I am writing to request confirmation that the project described below for Alleghany Memorial Hospital ("AMH") is exempt from review.

AMH intends to substantially renovate its main campus facilities. The planned renovations include the partial demolition of the current inpatient wing and the construction of a new medical office building. Upon completion of the project, AMH's inpatient beds will be relocated from the current inpatient wing to a location near the emergency department. The new location of the inpatient beds will allow for efficiency of staffing to supports the needs of observation, acute, and emergency department patients. At the completion of the project, the number of licensed general acute care beds at AMH will be reduced from 41 to three (3). In addition, AMH will add three (3) unlicensed observation beds near the emergency department. Please reference **Attachment 1** for an aerial view of AMH's campus and a conceptual post-renovation campus map.

AMH believes this project is exempt from review, as described below. Pursuant to N.C.G.S. § 131E-184(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.*

The sole purpose of the proposed renovations to AMH are to renovate and expand a portion of an existing health service facility, AMH. All proposed changes will occur on the AMH main campus.

Pursuant to N.C.G.S. § 131E-176(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.*

Attachment 1 includes a campus map of AMH and outlines the locations of the proposed renovations and the office of the President, who is responsible for financial and administrative control over AMH. As illustrated on the map, the proposed renovation is located on the main campus of AMH.

- (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.*

The capital expenditure for the proposed renovations to AMH will not result in a change in bed capacity as defined in G.S. 131E-176(5) or in 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. Upon completion of the renovation, three (3) of AMH's 41 licensed general acute care beds will be relocated to a location near the emergency department. AMH will reduce its licensed general acute care bed capacity from 41 to three (3).

N.C.G.S. 131E-176(5) defines change in bed capacity as:

(i) any relocation of health service facility beds, or dialysis stations from one licensed facility or campus to another, or (ii) any redistribution of health service facility bed capacity among the categories of health service facility bed as defined in G.S. 131E-176(9c), or (iii) any increase in the number of health service facility beds, or dialysis stations in kidney disease treatment centers, including freestanding dialysis units.

This project does not involve (i) a relocation of health service facility beds from one licensed facility or campus to another, or (ii) a redistribution of health service facility bed capacity among the categories of health service facility beds as defined in G.S. 131E-176(9c), or (iii) an increase in the number of health service facility beds.

The only other possible new institutional health service which could be applicable to this project is major medical equipment (see N.C.G.S. § 131E-176(16)p.), which is defined in N.C.G.S. § 131E-176 (14o) as

a single unit or single system of components with related functions which is used to provide medical and other health services and which costs more than seven hundred fifty thousand dollars (\$750,000). In determining whether the major medical equipment costs more than seven hundred fifty thousand dollars (\$750,000), the costs of the equipment, studies, surveys, designs, plans, working drawings, specifications, construction, installation, and other activities essential to

acquiring and making operational the major medical equipment shall be included. The capital expenditure for the equipment shall be deemed to be the fair market value of the equipment or the cost of the equipment, whichever is greater. Major medical equipment does not include replacement equipment as defined in this section.

As part of this project, AMH does not intend to purchase any single piece of equipment which costs more than \$750,000, including surveys, designs, plans, working drawings, specifications, construction, installation, and other activities essential to acquiring and making operational the medical equipment for this project.

(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.

AMH respectfully requests that the CON Section confirm that, based on the facts stated above as well as the information included in the Attachments, the planned renovations at AMH meet all of the exemption criteria in N.C.G.S. § 131E-184(g).

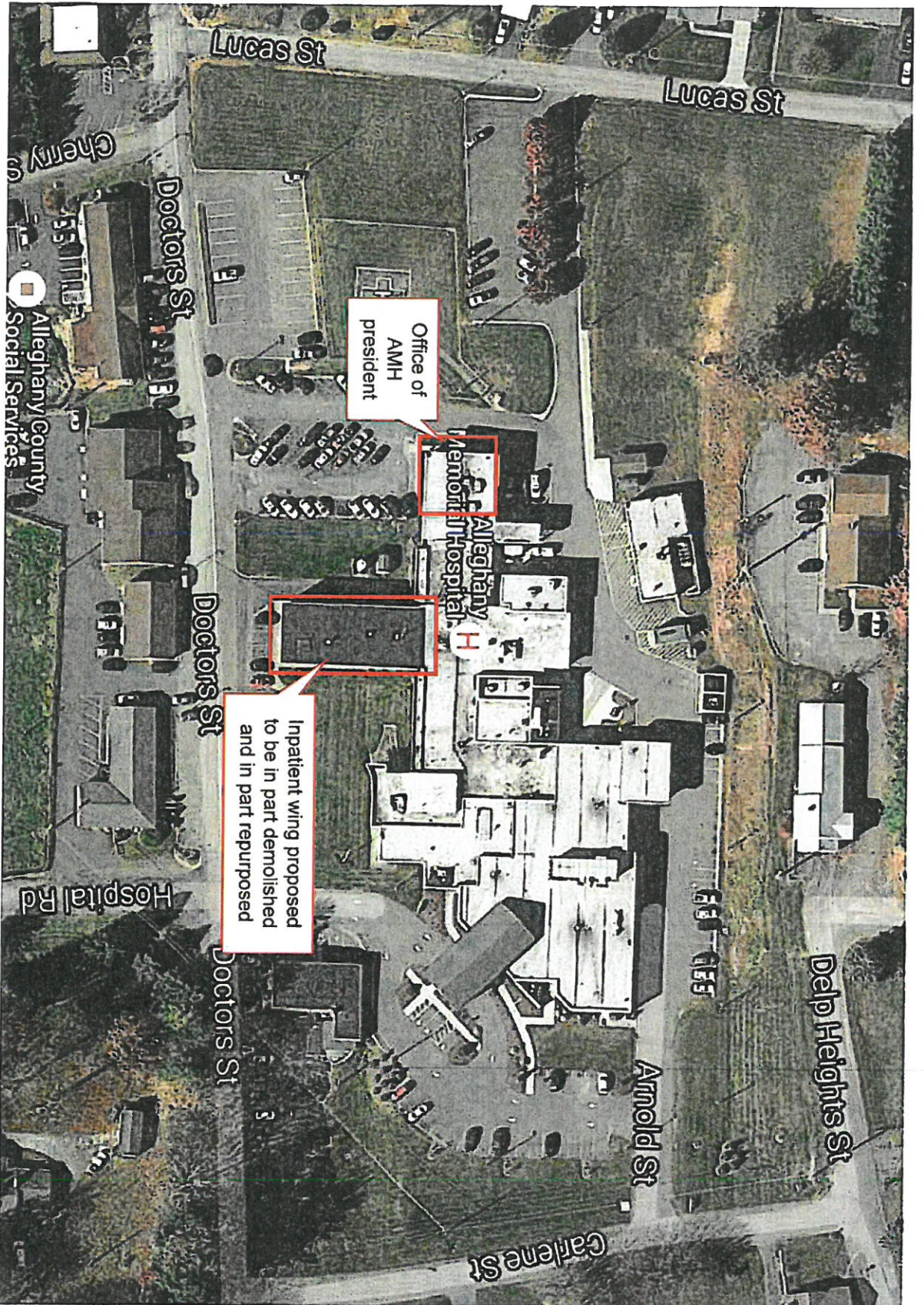
Please let me know if you have any questions or if additional information is needed.

Sincerely,



Craig B. James
President
Alleghany Memorial Hospital

Attachment 1: Aerial Image of AMH Campus



Attachment 1: AMH Conceptual Rendering Post-Renovation



