



NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

February 25, 2020

Bill Schiff, Vice President Strategic Services and Network Development
Private Diagnostic Clinic, PLLC
Duke Vascular Specialists of Raleigh
3300 Executive Drive, Suite 303-304
Raleigh NC 27609

No Review

Record #: 3225
Facility Name: Duke Vascular Specialists of Raleigh
FID #: 180318
Business Name: Private Diagnostic Clinic, PLLC
Business #: 1478
Project Description: Replace two ultrasound machines at the diagnostic center
County: Wake

Dear Mr. Schiff:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your correspondence regarding the above referenced proposal. Based on the CON law in effect on the date of this response to your request, the proposal described in that correspondence is not governed by, and therefore, does not currently require a certificate of need. If the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective.

This determination is binding only for the facts represented in your correspondence. If changes are made in the project or in the facts provided in the correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by this office.

Please do not hesitate to contact this office if you have any questions.

Sincerely,

Handwritten signature of Michael J. McKillip

Michael J. McKillip
Project Analyst

Handwritten signature of Martha J. Frisone

Martha J. Frisone
Chief

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

Mckillip, Mike

From: Michaela McMorris <michaela.mcmorris@duke.edu>
Sent: Monday, February 24, 2020 4:17 PM
To: Mckillip, Mike
Cc: Wilson, Fatimah
Subject: RE: [External] Duke Vascular Specialists of Raleigh Material Compliance 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

Hi Mike,

The initial still to be negotiated price is \$182,820 for two ultrasound machines.

Best,

Michaela McMorris, MHA

Planning Analyst
Private Diagnostic Clinic, PLLC
Duke Health
919-668-6607
michaela.mcmorris@duke.edu

From: Mckillip, Mike <mike.mckillip@dhhs.nc.gov>
Sent: Monday, February 24, 2020 3:43 PM
To: Michaela McMorris <michaela.mcmorris@duke.edu>
Cc: Wilson, Fatimah <fatimah.wilson@dhhs.nc.gov>
Subject: RE: [External] Duke Vascular Specialists of Raleigh Material Compliance Request

Hi Michaela,

Can you provide the Agency with the cost for the two ultrasound machines to be acquired?

Mike

Michael McKillip

Project Analyst
Division of Health Service Regulation, Healthcare Planning and Certificate of Need
[NC Department of Health and Human Services](#)

Office: 919-855-3877
mike.mckillip@dhhs.nc.gov

809 Ruggles Drive, Edgerton
2704 Mail Service Center
Raleigh, NC 27699

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From: Michaela McMorris <michaela.mcmorris@duke.edu>
Sent: Friday, February 7, 2020 12:32 PM
To: Mckillip, Mike <mike.mckillip@dhhs.nc.gov>
Cc: Pittman, Lisa <lisa.pittman@dhhs.nc.gov>; Sara Holleran <sara.holleran@duke.edu>; Karin Sandlin <ksandlin@claritysservices.com>
Subject: [External] Duke Vascular Specialists of Raleigh Material Compliance 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

Hello Mr. McKillip,

Please see the attached request for material compliance regarding CON Project I.D. #J-11532-18.

If you have any questions, please let me know.

Best,

Michaela McMorris, MHA
Planning Analyst
Private Diagnostic Clinic, PLLC
Duke Health
919-668-6607
michaela.mcmorris@duke.edu

Waller, Martha K

From: Pittman, Lisa
Sent: Friday, February 7, 2020 12:35 PM
To: Waller, Martha K
Subject: FW: [External] Duke Vascular Specialists of Raleigh Material Compliance Request
Attachments: Duke Vascular Specialists of Raleigh Material Compliance Request February 2020.pdf

Please add to corr list and print for Mike

Lisa Pittman

Assistant Chief

Division of Health Service Regulation, Healthcare Planning and CON Section
NC Department of Health and Human Services

Office: 919 855 3989

Lisa.Pittman@dhhs.nc.gov

809 Ruggles Drive, Edgerton Building
2704 Mail Service Center
Raleigh, NC 27699-2704

From: Michaela McMorris <michaela.mcmorris@duke.edu>
Sent: Friday, February 7, 2020 12:32 PM
To: Mckillip, Mike <mike.mckillip@dhhs.nc.gov>
Cc: Pittman, Lisa <lisa.pittman@dhhs.nc.gov>; Sara Holleran <sara.holleran@duke.edu>; Karin Sandlin <ksandlin@clarityservices.com>
Subject: [External] Duke Vascular Specialists of Raleigh Material Compliance Request

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Hello Mr. McKillip,

Please see the attached request for material compliance regarding CON Project I.D. #J-11532-18.

If you have any questions, please let me know.

Best,

Michaela McMorris, MHA

Planning Analyst

Private Diagnostic Clinic, PLLC

Duke Health

919-668-6607

michaela.mcmorris@duke.edu

official. Unauthorized disclosure of juvenile, health, legally privileged, or otherwise confidential information, including confidential information relating to an ongoing State procurement effort, is prohibited by law. If you have received this email in error, please notify the sender immediately and delete all records of this email.

February 5, 2020

Ms. Martha Frisone
Chief, Healthcare Planning & Certificate of Need Section
Division of Health Service Regulation
N.C. Department of Health and Human Services
809 Ruggles Drive
Raleigh, NC 27626-0530



RE: Request for confirmation of material compliance to replace ultrasound equipment in the approved diagnostic center; Project I.D. # J-11532-18/FID # 180318/Wake County

Dear Ms. Frisone:

Private Diagnostic Clinic, PLLC (PDC) received a Certificate of Need (CON) on October 30, 2018 to develop a new diagnostic center with mobile C-arm fluoroscopy, vascular ultrasound, and doppler ultrasound equipment in Wake County, CON Project I.D. # J-11532-18 (See Exhibit 1).

Background

In the CON application for Project I.D. # J-11532-18, PDC represented that it intended to relocate Duke Vascular Specialists of Raleigh (DVSR), an existing physician clinic, to a new location on the Duke Raleigh Hospital campus. The clinic relocation involved existing medical diagnostic equipment, including three (3) ultrasound machines acquired for <\$10,000 (see Exhibit 2). The costs for the existing ultrasound machines were not included in the equipment cost for establishing a diagnostic center per G.S. 131E-176(7a) because they were each valued at less than \$10,000.

PDC has developed the project as previously approved by the Agency and in conformance with all the conditions of the CON. The DVSR diagnostic center began treating patients in June 2019.

Material Compliance

PDC desires to replace two of the existing ultrasound machines at DVSR (originally acquired for <\$10,000 per Exhibit 2). Accordingly, PDC respectfully requests confirmation from the CON Section that the replacement of the two existing ultrasound machines will not constitute a material change for purposes of N.C. Gen. Stat. §131E-181(a) and will otherwise materially comply with the representations in the CON application.

The CON contained five conditions, including the following related to equipment:

2. Private Diagnostic Clinic, PLLC shall develop a new diagnostic imaging center with mobile C-arm fluoroscopy, vascular ultrasound, and Doppler ultrasound equipment.

3. Private Diagnostic Clinic, PLLC shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.

The proposed replacement of existing ultrasound equipment will not change the scope, physical location, or person named in the CON or Application. The value of the existing ultrasounds did not meet the threshold for establishing a diagnostic center at DVSR. The costs for the existing ultrasound machines were not included in the equipment cost for establishing a diagnostic center per G.S. 131E-176(7a) because they were each valued at less than \$10,000.

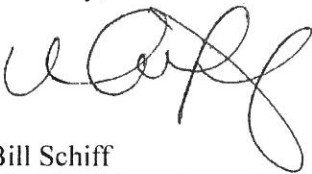
PDC hereby certifies that:

1. It is not proposing to materially change the scope of the approved diagnostic center, which includes mobile C-arm fluoroscopy, vascular ultrasound, and Doppler ultrasound equipment.
2. The replacement of existing ultrasound equipment will not result in an increase of greater than 115% of the approved project capital cost of \$815,063 because the existing ultrasound equipment was not included in the project's proposed capital expenditures in Section Q of the application.
3. It will continue to comply with all the CON conditions listed on the CON (see Exhibit 1).

PDC requests that the Division of Health Service Regulation confirm that the replacement of DVSR's two existing ultrasound machines does not constitute a change in the scope of the project and would not violate N.C. Gen. Stat. 131E-181(a) or any of the rules of the North Carolina Department of Health and Human Services.

Please contact me at 919.668.1823 regarding any questions concerning this request.

Sincerely,



Bill Schiff
Vice President, Strategic Services & Network Development
Private Diagnostic Clinic, PLLC

Exhibit 1: Certificate of Need, Project I.D. # J-11532-18

STATE OF NORTH CAROLINA

*Department of Health and Human Services
Division of Health Service Regulation*

CERTIFICATE OF NEED

for

Project ID #: J-11532-18

FID #: 180318

ISSUED TO: Private Diagnostic Clinic, PLLC

Pursuant to N.C. Gen. Stat. § 131E-177(6), the North Carolina Department of Health and Human Services hereby authorizes the person or persons named above (the "certificate holder") to develop the certificate of need project described below. The certificate holder shall develop the project in a manner consistent with the representations in the application and with the conditions contained herein and shall make good faith efforts to meet the timetable contained herein, as documented by the periodic progress reports required by 10A NCAC 14C .0209. The certificate holder shall not exceed the maximum capital expenditure amount specified herein during the development of this project, except as provided by N.C. Gen. Stat. § 131E-176(16)e. The certificate holder shall not transfer or assign this certificate to any other person except as provided in N.C. Gen. Stat. § 131E-189(c). This certificate is valid only for the scope, physical location, and person(s) described herein. The Department may withdraw this certificate pursuant to N.C. Gen. Stat. § 131E-189 for any of the reasons provided in that section.

SCOPE: Develop a new diagnostic center with mobile C-arm fluoroscopy, vascular ultrasound and Doppler ultrasound equipment/ Wake County

CONDITIONS: See Reverse Side

**PHYSICAL LOCATION: Duke Vascular Specialists of Raleigh
3300 Executive Drive, Suite 303-304
Raleigh, NC 27609**

MAXIMUM CAPITAL EXPENDITURE: \$815,063

TIMETABLE: See Reverse Side

FIRST PROGRESS REPORT DUE: February 15, 2019

This certificate is effective as of the 30th Day of October, 2018.


Martha J. Frisone, Chief

CONDITIONS:

1. Private Diagnostic Clinic, PLLC shall materially comply with all representations made in the certificate of need application.
2. Private Diagnostic Clinic, PLLC shall develop a new diagnostic imaging center with mobile C-arm fluoroscopy, vascular ultrasound and Doppler ultrasound equipment.
3. Private Diagnostic Clinic, PLLC shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.
4. No later than three months after the last day of each of the first three full years of operation following initiation of the services authorized by this certificate of need, Private Diagnostic Clinic, PLLC shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:
 - a. Payor mix for the services authorized in this certificate of need.
 - b. Utilization of the services authorized in this certificate of need.
 - c. Revenues and operating costs for the services authorized in this certificate of need.
 - d. Average gross revenue per unit of service.
 - e. Average net revenue per unit of service.
 - f. Average operating cost per unit of service.
5. Private Diagnostic Clinic, PLLC shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.

A letter acknowledging acceptance of and agreeing to comply with all conditions stated in the conditional approval letter was received by the Agency on October 9, 2018.

TIMETABLE:

- | | | |
|-----|---|-------------------|
| 1. | Financing Obtained _____ | November 2, 2018 |
| 2. | Drawings Completed _____ | November 2, 2018 |
| 3. | Construction/Renovation Contract(s) Executed _____ | November 5, 2018 |
| 4. | 25% of Construction/Renovation Completed
(25% of the cost is in place) _____ | November 15, 2018 |
| 5. | 50% of Construction/Renovation Completed _____ | November 25, 2018 |
| 6. | 75% of Construction/Renovation Completed _____ | December 5, 2018 |
| 7. | Construction/Renovation Completed _____ | December 15, 2018 |
| 8. | Equipment Ordered _____ | November 3, 2018 |
| 9. | Equipment Installed _____ | December 15, 2018 |
| 10. | Equipment Operational _____ | December 22, 2018 |
| 11. | Building/Space Occupied _____ | December 15, 2018 |
| 12. | Services Offered _____ | January 1, 2019 |
| 13. | Final Annual Report Due _____ | April 1, 2022 |

Exhibit 2: Bill of Sale for DVSR
Existing Ultrasound Equipment

BILL OF SALE

THIS BILL OF SALE ("Bill of Sale") is made effective as of the 29th day of March, 2018 (the "Effective Date"), by and between George Clark, M.D. ("Dr. Clark") and Christopher Longo, M.D. ("Dr. Longo") (collectively, the "Sellers"), and Private Diagnostic Clinic, PLLC, a North Carolina professional limited liability company ("Purchaser").

WITNESSETH:

WHEREAS, Purchaser desires to purchase from Sellers, and Sellers desire to sell, transfer and convey to Purchaser for fair market value consideration, effective as of the Effective Date, certain assets jointly owned by Sellers, on the terms and conditions set forth in this Bill of Sale.

NOW, THEREFORE, for the purchase price below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Sale and Assignment of Assets. For a purchase price of ~~\$2,060.00~~ to be paid by Purchaser to Sellers, fifty percent (50%) of which shall be paid to Dr. Clark and fifty percent (50%) of which shall be paid to Dr. Longo, Sellers do hereby sell, assign, transfer, convey, grant, bargain, set over, release, deliver, vest and confirm unto Purchaser, its successors and assigns, forever, the entire right, title and interest of Sellers in and to those assets of Sellers listed on Exhibit A, attached hereto and incorporated herein by reference (the "Assets"). Sellers, jointly and severally, warrant and represent to, and covenant and agree with Purchaser that, Sellers are the sole and lawful owners of the Assets with good and marketable title thereto; that Sellers have the right to sell, convey, assign and deliver the Assets unto Purchaser as herein provided; the Assets are free and clear of any mortgage, pledge, lien, conditional sales agreement, lease, judgment, or other claim, charge or encumbrance of any kind or character; that Sellers have taken no action that would give any other party or entity any right or interest in the Assets; and that Sellers will warrant and defend title to the Assets unto Purchaser, its successors and assigns against the claims and demands of all persons whomsoever.

2. No Rights in Third Parties. Nothing expressed or implied in this Bill of Sale is intended to confer upon any person, other than Purchaser and Sellers and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Bill of Sale.

3. Successors and Assigns. This Bill of Sale shall bind and inure to the benefit of Purchaser and Sellers and their respective successors and assigns.

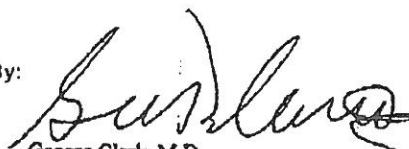
4. Miscellaneous. This Bill of Sale shall be governed by, and construed in accordance with, the laws of the State of North Carolina applicable to contracts executed and to be performed within North Carolina. This Bill of Sale, all exhibits hereto and all agreements and other information to be delivered by the parties pursuant hereto or referred to herein, is intended by the parties to, and does, constitute the entire understanding and agreement of the parties with respect to the transactions contemplated by this Bill of Sale. This Bill of Sale supersedes any and all prior understandings, written or oral, between the parties. This Bill of Sale may be executed in two (2) or more counterparts, any one (1) of which need not contain the signatures of both parties, but all of which counterparts when taken together will constitute one (1) and the same instrument. This Bill of Sale may be executed by one or more electronic signatures, and such signatures may be delivered by email, facsimile or .pdf.

*[Signature Page Follows]
[Signature Page to Bill of Sale]*


IN WITNESS WHEREOF, the parties have caused this Bill of Sale to be duly executed, effective as of the Effective Date.

SELLERS:

By:


George Clark, M.D.

By:


Christopher Longo, M.D.

PURCHASER:

Private Diagnostic Clinic, PLLC

By:



Paul Newman
Senior Vice President

EXHIBIT A

Assets

Three Logiq e ultrasounds, all with 9L transducer, C1-5 transducer and cart.

1. Serial # LE 134684 - \$3,020.00
2. Serial # LER 356869 - \$3,020.00
3. Serial # LE 608656 - \$3,020.00