



NC DEPARTMENT OF
**HEALTH AND
 HUMAN SERVICES**

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

VIA EMAIL ONLY

February 15, 2021

Kristy Hubbard
Kristy.hubard@nhrmc.org

No Review

Record #: 3482
Date of Request: February 12, 2021
Facility Name: New Hanover Regional Medical Center
FID #: 943372
Business Name: Novant Health New Hanover Regional Medical Center, LLC
Business #: 3330
Project Description: Renovate pharmacy at the Novant Health New Hanover Regional Medical Center – ED North
County: New Hanover

Dear Ms. Hubbard:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your correspondence regarding the project described above. Based on the CON law **in effect on the date of this response to your request**, the project as described 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,

Tanya M. Saporito
 Project Analyst

Lisa Pittman
 Assistant Chief, Certificate of Need

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

February 12, 2021

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

RE: Request for No CON Review Determination for Pharmacy Renovation at Novant Health New Hanover Regional Medical Center - ED North / New Hanover County

Dear Ms. Frisone:

Novant Health New Hanover Regional Medical Center ("NH NHRMC") intends to renovate and upgrade the pharmacy located in the ED North facility by constructing a new pharmacy clean room to comply with current USP 800 Standards. NH NHRMC requests a determination that such related capital expenditure does not require a certificate of need review pursuant to G.S. 131E-178(c) and the definition of a new institutional health service as defined in G.S. 131E-176(16)b. The total estimated capital costs are \$130,800.

No CON Review Determination

Pursuant to G.S. 131E-178(c) the following activity requires obtaining a certificate of need:

- (c) No person shall incur an obligation for a capital expenditure which is a new institutional health service without first obtaining a certificate of need from the Department. An obligation for a capital expenditure is incurred when:*
- (1) An enforceable contract, excepting contracts which are expressly contingent upon issuance of a certificate of need, is entered into by a person for the construction, acquisition, lease or financing of a capital asset;*
 - (2) A person takes formal action to commit funds for a construction project undertaken as his own contractor; or*
 - (3) In the case of donated property, the date on which the gift is completed.*

Pursuant to G.S. 131E-176(16)b. a new institutional health service is defined as

- b. Except as otherwise provided in G.S. 131E-184(e), the obligation by any person of a capital expenditure exceeding two million dollars (\$2,000,000) to develop or expand a health service or a health service facility, or which relates to the provision of a health service. The cost of any studies, surveys, designs, plans, working drawings, specifications, and other activities, including staff effort and consulting and other services, essential to the acquisition, improvement, expansion, or replacement of any plant or equipment with respect to which an expenditure is made shall be included in determining if the expenditure exceeds two million dollars (\$2,000,000).*

The NH NHRMC ED North Pharmacy Renovation project does not meet the condition set forth in G.S. 131E-176 (16)b.:

- The estimated capital cost of the project is \$130,800.

Based on the foregoing, we respectfully request that the Healthcare Planning and CON Section issue written confirmation that this project does not require a certificate of need review.

If you require additional information concerning this request, please contact me at 910-667-5908.

Sincerely,



Kristy Hubbard
Chief Strategy Officer
Novant Health New Hanover Regional Medical Center

February 12, 2021

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

RE: Request for Exemption to CON Review for Pharmacy Renovation at Novant Health New Hanover Regional Medical Center / New Hanover County

Dear Ms. Frisone:

Novant Health New Hanover Regional Medical Center ("NH NHRMC") intends to renovate and upgrade the two pharmacies located in the hospital by constructing new pharmacy clean rooms to comply with current USP 800 Standards. NH NHRMC requests a determination that such related capital expenditure is exempt from certificate of need review pursuant to G.S. 131E-184(g). The total estimated capital costs are \$3,669,200.

Exemption from Review

Pursuant to 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 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."*

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."*

The NH NHRMC Pharmacy Renovation project meets each of the applicable conditions set forth above:

- The estimated capital cost of the project exceeds \$2,000,000.
- The sole purpose of the capital expenditure is to renovate an existing ancillary service at NH NHRMC, on the main campus located at 2131 S. 17th Street, Wilmington, North Carolina, 28401. As previously stated, the pharmacy renovations will occur in the main building of the hospital.
- The capital expenditure will not result in a change in bed capacity or the addition of a health service facility or any other new institutional health service other than that allowed by G.S. 131E-176(16)(b).
- This letter constitutes the required prior written notice.
- NH NHRMC provides clinical patient services and exercises financial and administrative control from this location.

Based on the foregoing, we respectfully request that the Healthcare Planning and CON Section issue written confirmation that this project is exempt from Certificate of Need under G.S. 131E-184(g).

If you require additional information concerning this request, please contact me at 910-667-5908.

Sincerely,



Kristy Hubard
Chief Strategy Officer
Novant Health New Hanover Regional Medical Center

CAPITAL COST FORM

Project name: NH NHRMC Pharmacy Renovations

Proponent: Novant Health New Hanover Regional Medical Center

Construction Contract

(8) Cost of materials/labor	\$2,729,538
(9) Other (Architect & Engineering Design)	\$123,260
(10) <i>Sub-Total Construction Contract</i>	\$2,852,798

Miscellaneous Project Costs

(11) Building purchase	
(12) Equipment purchase/lease	\$612,870
(13) IS/Telecom equipment purchase/lease	\$26,932
(14) Furniture	
(15) Landscaping	
(16) Consultant fees (Specify)	
(17) Financing costs (e.g. bond, loan, etc.)	
(18) Other (Contingency)	\$129,100
(19) Other (Miscellaneous)	\$47,500
(20) <i>Sub-Total Miscellaneous</i>	\$816,402
(21) TOTAL CAPITAL COST OF PROJECT	\$3,669,200

To the best of my knowledge, the above capital costs for the proposed project are complete and correct and it is the intent of Novant Health New Hanover Regional Medical Center to carry out the proposed project as described.



Kristy Hubbard, Chief Strategy Officer



Date

EXHIBIT B

NEW HANOVER REGIONAL MEDICAL CENTER CAMPUS

