



NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**

ROY COOPER • Governor

KODY H. KINSLEY • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

VIA EMAIL ONLY

October 7, 2022

Robert A. Leandro

[robbleandro@parkerpoe.com](mailto:robbleandro@parkerpoe.com)

**No Review**

**Record #:** 4051

Date of Request: September 29, 2022

Facility Name: Davis Regional Medical Center

FID #: 923134

Business Name: Statesville HMA, Inc.

Business #: 1722

Project Description: Licensure of the existing psychiatric beds as a psychiatric hospital with no change in the total number of psychiatric inpatient beds

County: Iredell

Dear Mr. Leandro:

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,

Donna Donihi  
Project Analyst

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

Mr. Leandro  
October 7, 2022  
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Lisa Pittman  
Assistant Chief

cc:

Acute and Home Care Licensure and Certification Section, DHSR



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Washington, DC

September 29, 2022

**Via E-mail [micheala.mitchell@dhhs.nc.gov]**

Micheala Mitchell, Chief  
Certificate of Need Section  
Division of Health Service Regulation  
N.C. Department of Health & Human Services  
2704 Mail Service Center  
Raleigh, NC 27699-2704

Re: Request By Davis Regional.

Dear Ms. Mitchell:

On behalf of HMA Statesville LLC, ("Davis Regional") located in Statesville, Iredell County, North Carolina, I am writing to request a determination by the Agency that the following actions do not require a CON. Davis Regional currently operates as an acute care hospital with 102 licensed acute care beds and 42 licensed psychiatric inpatient beds. These psychiatric beds are included in the SMFP as licensed psychiatric beds, were subject to previous CON review, and are currently operating at nearly full capacity.

Due to economic conditions and low acute care bed census at Davis it is no longer feasible to continue operations as a freestanding hospital. Accordingly, Davis is in the process of suspending its hospital operations. Lake Norman Regional, which shares a corporate affiliation with Davis Regional, hopes to acquire Davis Regional and has plans to operate it as a remote location of Lake Norman in the future. Unfortunately, because of CMS regulations, such a transaction cannot be completed until Lake Norman is divested from all physician ownership. The parties anticipate that this transaction will not be completed by the end of 2022.

However, because Davis Regional's psychiatric inpatient beds are operating at nearly full capacity and these important services are greatly needed in the community it plans to continue to operate these beds. In order to meet Medicare certification requirements Davis must be licensed as a psychiatric hospital to continue to operate its existing licensed psychiatric beds. Davis Regional is in the process of changing the licensure status for the portion of the hospital where the inpatient psychiatric beds are located to that of a psychiatric hospital.

Finally, because Davis Regional is only suspending its hospital services, it plans to maintain its hospital license in a suspended service status for the remaining assets located at the

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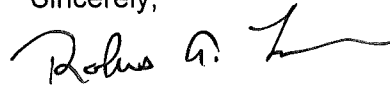
Micheala Mitchell, Chief  
September 29, 2022  
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hospital in order to provide it sufficient time to complete any transaction with Lake Norman Regional.

Based on the above, Davis Regional requests that the Agency please confirm that (1) if Lake Norman is able to acquire Davis Regional in compliance with CMS regulations, such acquisition of Davis Regional by Lake Norman will not require CON pursuant to N.C.G.S. Stat. 131E-184(a)(8); (2) that the issuance of a psychiatric hospital license to Davis Regional by the Acute Care Licensure Section to operate its existing psychiatric beds as a psychiatric hospital does not require a CO; and (3) that the CON Section will not withdraw any of Davis Regional's CONs during the period that when Davis Regional retains its acute care license but suspends acute care services.

We appreciate the Agency's willingness to discuss these issues with us, and look forward to continuing to serve the acute psychiatric needs of this community, during this process. We look forward to your response.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert A. Leandro". The signature is fluid and cursive, with a long horizontal stroke at the end.

Robert A. Leandro

Cc: Derek Hunter (via email)