

RESPONSE REQUIRED

April 5, 2012

Elizabeth Kirkman, Director
CHS Management Company
2709 Water Ridge Parkway, Suite 200
Charlotte, NC 28217

RE: Conditional Approval/ Project I.D. # F-8771-12/ Mercy Hospital Inc d/b/a/ Carolinas Medical Center-Mercy/ Replace existing fixed MRI scanner/ Mecklenburg County
FID #: 923352

Dear Ms. Kirkman:

The Certificate of Need (CON) Section, Division of Health Service Regulation, Department of Health and Human Services has conditionally approved the above referenced certificate of need application. This decision was made after a review of the applications submitted for this cycle and after consideration of the Certificate of Need Law, G.S. 131E-175 et. seq. and regulations promulgated thereunder, the State Medical Facilities Plan, and other applicable information. Attached to this letter are the required findings made with respect to your application. The applicant shall not proceed with the construction, offering or development of this project until the certificate of need is issued. Further, the Department shall not issue the certificate of need until all applicable conditions of approval that can be satisfied before issuance of the certificate of need have been met pursuant to G.S. 131E-187(a). The conditions are as follows:

1. Mercy Hospital, Inc. d/b/a Carolinas Medical Center-Mercy shall materially comply with all representations made in its certificate of need application.
2. Mercy Hospital, Inc. d/b/a Carolinas Medical Center-Mercy shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditure in Section VIII of the application or that would otherwise require a certificate of need.
3. Mercy Hospital, Inc. d/b/a Carolinas Medical Center-Mercy shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.

Elizabeth Kirkman

Page 2

April 5, 2012

Response to the above conditions should be submitted to the CON Section no later than 35 days from the date of the decision. Failure to respond within this time period may result in the CON Section making a determination not to issue a certificate of need for the project referenced above.

The conditional approval is valid only for a capital expenditure of \$2,903,500. If a cost overrun occurs that exceeds the approved capital expenditure amount, a new certificate of need may be required as determined by G.S. 131E-176(16)(e).

The applicant should be aware that according to the Certificate of Need Law any affected person shall have thirty (30) days after the date of decision to file a petition for a contested case on this approval. Further, if you are aggrieved by the conditions of the decision you may file a petition for a contested case hearing in accordance with G.S. 150B, Article 3, as amended. This petition must be filed with the Office of Administrative Hearings, 6714 Mail Service Center, Raleigh, North Carolina 27699-6714 within thirty (30) days of the date of this decision. [Note: Effective October 1, 2009, OAH requires a filing fee with submittal of petitions for contested cases. Please direct all questions regarding this fee to OAH Clerk's Office (919-431-3000).]

G.S. 150B-23 provides that a party filing a petition must also serve a copy of the petition on all parties to the petition. Therefore, if you file a petition for a contested case hearing, you must serve a copy of the petition on the Department of Health and Human Services by mailing a copy of your petition to:

Emery Milliken
Department of Health and Human Services,
Office of Legal Affairs,
Adams Building – Room 154
2001 Mail Service Center
Raleigh, North Carolina, 27699-2001

It is requested that a copy of the petition also be served on the Certificate of Need Section.

The certificate of need will not be issued before the completion of this 30 day period ending May 5, 2012. If a contested case request is received within the thirty (30) day period, the certificate will not be issued until the appeal is resolved (10A NCAC 14C .0208).

The timetable for completion of the project is the timetable outlined in the certificate of need application, unless an adjustment has been made by the CON Section because the review period was extended. The timetable for this project is as follows:

| | |
|--|-----------------|
| Obtaining Funds necessary to Undertake Project _____ | July 30, 2012 |
| Ordering Equipment _____ | July 30, 2012 |
| Completion of Final Drawings and Specifications _____ | August 1, 2012 |
| Approval of Final Drawings and Specifications by the Construction Section, DHSR _____ | October 1, 2012 |
| Contract Award (Notice to Proceed) _____ | October 1, 2012 |

Elizabeth Kirkman

Page 3

April 5, 2012

| | |
|--|-------------------|
| 25% Completion of Construction _____ | October 22, 2012 |
| Arrival of Equipment _____ | November 1, 2012 |
| 50% Completion of Construction _____ | November 19, 2012 |
| 75% Completion of Construction _____ | December 10, 2012 |
| Operation of Equipment _____ | December 15, 2012 |
| Completion of Construction _____ | December 28, 2012 |
| Occupancy/Offering of service(s) _____ | January 1, 2013 |

If the decision is appealed, the timetable set forth in this letter will be adjusted accordingly before the Certificate of Need is issued. Please contact us if any clarification of this decision is required.

Please refer to the Project I.D. # and Facility I.D. # (FID) in all correspondence.

Sincerely,

Fatimah Wilson, Project Analyst

Craig R. Smith, Assistant Chief
Certificate of Need Section

FW:CRS:mw

Attachment

cc: Medical Facilities Planning Section, DHSR
Construction Section, DHSR
Acute & Home Care Licensure & Certification, DHSR

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing notice of **conditional approval** on the following person by placing a copy in an official depository of the United States Postal Service in a postage-paid, first class envelope addressed as follows:

Elizabeth Kirkman, Director
CHS Management Company
2709 Water Ridge Parkway, Suite 200
Charlotte, NC 28217

Project I.D. # F-8771-12
FID #923352

This the 5th day of April, 2012.

Fatimah Wilson
Project Analyst