

## RESPONSE REQUIRED

March 23, 2012

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

RE: Conditional Approval/ Project I.D. #F-8764-11 / Mercy Restorative Care Hospital, Inc. d/b/a Carolinas Specialty Hospital, Mercy Hospital, Inc., The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Rehabilitation and Pineville LTACH/Rehab Hospital, LLC / Relocate 29 inpatient rehabilitation beds from Carolinas Rehabilitation Hospital (10) and the Mercy campus of CMC-Mercy/Pineville (19) to a new building on the Pineville campus of CMC-Mercy/Pineville, which results in a change in scope and cost overrun for Project I.D. #F-8640-11 (relocate Carolinas Specialty Hospital to a new building on the Pineville campus)/ Mecklenburg County

FID #: 110878

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 Restorative Care Hospital, Inc. d/b/a Carolinas Specialty Hospital, Mercy Hospital, Inc., The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Rehabilitation and Pineville LTACH/Rehab Hospital, LLC shall materially comply with all representations made in Project I.D. # F-8640-11 and this application (Project I.D. # F-8764-11). In those instances in which representations conflict, the applicants shall materially comply with the last-made representation.
2. Mercy Restorative Care Hospital, Inc. d/b/a Carolinas Specialty Hospital, Mercy Hospital, Inc., The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Rehabilitation and Pineville LTACH/Rehab Hospital, LLC shall relocate no more than 29 rehabilitation beds (10 from CR-Main and 19 from the Mercy campus) to the Pineville campus of Carolinas Medical Center-Mercy/Pineville for a total of 29 rehabilitation beds upon completion of this project.

3. Mercy Restorative Care Hospital, Inc. d/b/a Carolinas Specialty Hospital, Mercy Hospital, Inc., The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Rehabilitation and Pineville LTACH/Rehab Hospital, LLC 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 and which would otherwise require a certificate of need.
4. Mercy Restorative Care Hospital, Inc. d/b/a Carolinas Specialty Hospital, Mercy Hospital, Inc., The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Rehabilitation and Pineville LTACH/Rehab Hospital, LLC shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to the issuance of the certificate of need.

**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 \$17,748,729. 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 April 22, 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:

Elizabeth Kirkman

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Obtain funds necessary to undertake project _____	July 1, 2012
Contract Award _____	August 1, 2012
25% completion of construction _____	October 15, 2012
50% completion of construction _____	January 15, 2013
75% completion of construction _____	April 1, 2013
Completion of construction _____	June 15, 2013
Occupancy/Offering of Service(s) _____	July 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,

Gebrette Miles, Project Analyst

Martha J. Frisone, Assistant Chief  
Certificate of Need Section

GM:MJF:mw

Attachment

cc: Medical Facilities Planning Section, 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-8764-11  
FID #110878

This the 23<sup>rd</sup> day of March, 2012.

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Gebrette Miles  
Project Analyst