



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER  
GOVERNOR

MANDY COHEN, MD, MPH  
SECRETARY

MARK PAYNE  
DIRECTOR

**RESPONSE REQUIRED**

November 27, 2017

Elizabeth Kirkman  
2709 Water Ridge Parkway, Suite 200  
Charlotte, NC 28217

**Conditional Approval**

Project ID #: F-11361-17  
Facility: Carolinas HealthCare System Pineville  
Project Description: Develop 15 additional acute care beds for a total of 221 acute care beds  
County: Mecklenburg  
FID #: 110878

Dear Ms. Kirkman:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) 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, N.C. Gen. Stat. §131E-175 et. seq. and regulations promulgated there under, the State Medical Facilities Plan, and other applicable information. Written notice of all findings and conclusions upon which the decision was based will be provided to the applicants within five business days after the date of the decision in accordance with N.C. Gen. Stat. §131E-186. The applicant shall not proceed with the construction, offering or development of this project until the certificate of need is issued. Further, the Agency 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 N.C. Gen. Stat. §131E-187(a). The conditions are as follows:

1. Mercy Hospital, Inc. shall materially comply with all representations made in the certificate of need application.
2. Mercy Hospital, Inc. shall develop 15 additional acute care beds.
3. Upon completion of the project, Carolinas HealthCare System Pineville shall be licensed for no more than 221 acute care beds.

**HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION**  
WWW.NCDHHS.GOV

TELEPHONE 919-855-3873

LOCATION: EDGERTON BUILDING • 809 RUGGLES DRIVE • RALEIGH, NC 27603

MAILING ADDRESS: 2704 MAIL SERVICE CENTER • RALEIGH, NC 27699-2704

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4. Mercy Hospital, Inc. shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section F of the application and that would otherwise require a certificate of need.
5. 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, Mercy Hospital, Inc. 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.
6. Mercy Hospital, Inc. 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.

**Response to the above conditions should be submitted to the Agency 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 **\$1,115,000**. If a cost overrun occurs that exceeds the approved capital expenditure amount, a new certificate of need may be required as determined by N.C. Gen. Stat. §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 N.C. Gen. Stat. §150B, Article 3, as amended. This petition must be filed with the Office of Administrative Hearings, P.O. Drawer 27447, Raleigh, North Carolina 27611-7447 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).]

N.C. Gen. Stat. §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:

Lisa G. Corbett  
Department of Health and Human Services,  
Office of Legal Affairs,  
Adams Building – Room 154  
2001 MSC  
Raleigh, North Carolina, 27699-2001

It is requested that a copy of the petition also be served on the Agency.

The certificate of need will not be issued before the completion of this 30 day period ending **December 28, 2017**. 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 Agency because the review period was extended. The timetable for this project is as follows:

|   |                   |
|---|-------------------|
| 1. Drawings Completed   | January 15, 2018  |
| 2. Construction/Renovation Contract(s) Executed                           | January 31, 2018  |
| 3. 25% of Construction/Renovation Completed (25% of the cost is in place) | February 15, 2018 |
| 4. 50% of Construction/Renovation Completed                               | February 28, 2018 |
| 5. 75% of Construction/Renovation Completed                               | March 15, 2018    |
| 6. Construction/Renovation Completed                                      | March 31, 2018    |
| 7. Equipment Ordered  | February 1, 2018  |
| 8. Equipment Installed  | March 15, 2018    |
| 9. Equipment Operational  | March 31, 2018    |
| 10. Building/Space Occupied   | April 1, 2018     |
| 11. Licensure Obtained  | April 1, 2018     |
| 12. Services Offered  | April 1, 2018     |
| 13. Medicare and/or Medicaid Certification Obtained                       | April 1, 2018     |
| 14. Facility or Service Accredited  | April 1, 2018     |
| 15. Final Annual Report Due   | July 1, 2021      |

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 ID # and Facility ID # (FID) in all correspondence.

Sincerely,

Julie Halatek  
Project Analyst

Fatimah Wilson  
Team Leader, Certificate of Need

Attachment

cc: Construction Section, DHSR  
Acute & Home Care Licensure & Certification Section, DHSR  
Sharetta Blackwell, Program Assistant Healthcare Planning, 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  
2709 Water Ridge Parkway, Suite 200  
Charlotte, NC 28217

This the 27<sup>th</sup> day of November, 2017.

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Julie Halatek  
Project Analyst, Certificate of Need