



**North Carolina Department of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section**

2704 Mail Service Center • Raleigh, North Carolina 27699-2704
<http://www.ncdhhs.gov/dhsr/>

Drexdal Pratt, Director

Beverly Eaves Perdue, Governor
Albert A. Delia, Acting Secretary

Craig R. Smith, Section Chief
Phone: (919) 855-3873
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October 10, 2012

Terrill Johnson Harris
Smith Moore Leatherwood, LLP
434 Fayetteville Street
Raleigh, NC 27601

Exempt from Review – Acquisition of Facility


Facility: Transylvania Community Hospital
Acquisition by: Mission Health System
County: Transylvania
FID #: 050845


Dear Mr. Harris:

In response to your letter of October 1, 2012, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(8). Therefore, Mission Health System may proceed to acquire the above referenced health service facility without first obtaining a certificate of need. However, you need to contact the Acute and Home Care Licensure and Certification Section of the Division of Health Service Regulation to obtain instructions for changing ownership of the existing facility. Note that pursuant to N.C.G.S. §131E-181(b): *“A recipient of a certificate of need, or any person who may subsequently acquire, in any manner whatsoever permitted by law, the service for which that certificate of need was issued, is required to materially comply with the representations made in its application for that certificate of need.”*

It should be noted that this Agency's position is based solely on the facts represented by you and that any change in facts as represented would require further consideration by this Agency and a separate determination. If you have any questions concerning this matter, please feel free to contact this office.

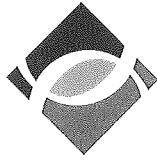
Sincerely,


Les Brown
Project Analyst


Craig R. Smith, Chief
Certificate of Need Section

cc: Construction Section, DHSR
Acute and Home Care Licensure and Certification Section, DHSR

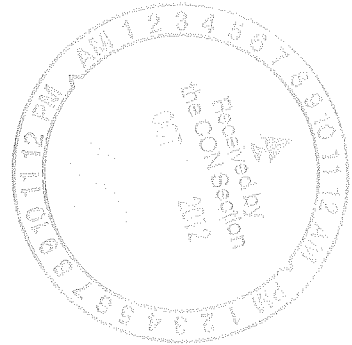




SMITH MOORE
LEATHERWOOD

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October 1, 2012



Craig R. Smith, Chief
Certificate of Need Section
Division of Health Service Regulation
NC Department of Health and Human Services
2704 Mail Service Center
Raleigh, North Carolina 27696-2704

Re: Notice of Exemption for Affiliation Transaction between Mission Health System, Inc. and Transylvania Health System, Inc.

Dear Craig:

We represent Mission Health System, Inc. ("Mission") and submit this prior written notice of its planned affiliation with Transylvania Health System, Inc. ("THS"). THS is the parent entity of Transylvania Community Hospital, Inc. (the "Hospital"), an existing, licensed acute care hospital. Specifically, THS, the Hospital, and certain affiliated organizations intend to become part of Mission. As part of this transaction, Mission will become the sole member of THS, which will in turn continue to be the sole member of the Hospital and the affiliated organizations.

The acquisition of "an existing health service facility, including equipment owned by the health service facility at the time of acquisition" is exempt from certificate of need review. N.C. Gen. Stat. § 131E-184(a)(8). Although the transaction described above does not constitute a direct acquisition of the Hospital by Mission, we are providing this notice of the affiliation and change in control of THS as the parent entity of the Hospital.

Based on this information, Mission requests that you confirm that its proposed affiliation with THS is exempt from certificate of need review pursuant to N.C. Gen. Stat. § 131E-184(a)(8) or is otherwise not subject to certificate of need review. Because an October 15, 2012 closing is anticipated, Mission would appreciate receiving as soon as possible your written confirmation that this proposed affiliation is exempt from certificate of need review or is otherwise not subject to certificate of need review.

Craig R. Smith, Chief

October 1, 2012

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Please let us know if you have any questions or need any other information. We appreciate your prompt consideration.

With kindest regards, I am

Very truly yours,

SMITH MOORE LEATHERWOOD LLP

A handwritten signature in cursive script that reads "Terrill Harris".

Terrill Johnson Harris

cc: John B. Garver, II
Ann Young