



North Carolina Department of Health and Human Services
Division of Health Service Regulation

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

August 1, 2013

Denise Watson
401 Technology Lane, Suite 200
Mount Airy, NC 27030

No Review

Facility or Business: Hospice of Surry, Inc. d/b/a Mountain Valley Hospice and Palliative Care
Project Description: Construct a hospice administrative building to house the existing Mountain Valley Hospice and Palliative Care hospice home care agency located in Yadkinville
License #: HC 1498
County: Yadkin
FID #: 970347

Dear Ms. Watson:

On July 16, 2013, the Certificate of Need Section (CON Section) received your letter of June 25, 2013, regarding the above referenced proposal. Based on the CON law **in effect on the date of this response to your request**, the proposal described in your correspondence is not governed by, and therefore, does not currently require a certificate of need. However, please note that 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.

Moreover, you need to contact the Construction and Acute and Home Care Licensure Sections of the Division of Health Service Regulation to determine if they have any requirements for development of the proposed project.

It should be noted that this determination is binding only for the facts represented by you. Consequently, if changes are made in the project or in the facts provided in your correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by the Certificate of Need Section. Changes in a project include, but are not limited to: (1) increases in the capital cost; (2) acquisition of medical equipment not included in the original cost estimate; (3) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.



Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-733-8139

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

An Equal Opportunity/ Affirmative Action Employer



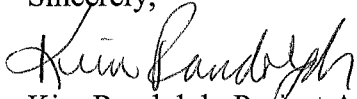
Denise Watson

August 1, 2013

Page 2

Please contact the CON Section if you have any questions. Also, in all future correspondence you should reference the Facility I.D. # (FID) if the facility is licensed.

Sincerely,



Kim Randolph, Project Analyst



Craig R. Smith, Chief
Certificate of Need Section

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



Mountain Valley
Hospice & PALLIATIVE CARE
celebrating 30 years

dm

Received by
the CON Section
JUL 16 2013

June 25, 2013

Corporate Office

401 Technology Lane
Suite 200
Mount Airy, NC 27030
p 336.789.2922
f 336.789.0856
Toll Free 1.888.789.2922

688 North Bridge Street
Elkin, NC 28621
p 336.526.2650
f 336.526.2370

129 Veterans Drive
Pilot Mountain, NC 27041
p 336.368.1260
f 336.368.1263

320 West Maple Street
Post Office Box 1267
Yadkinville, NC 27055
p 336.679.2466
f 336.679.4734
Toll Free 1.888.679.2466

1477 Carrollton Pike
Hillsville, VA 24343
p 276.728.1030
f 276.728.1041
Toll Free 1.888.728.2405

22099 Jeb Stuart Drive
Stuart, VA 24171
p 276.694.4416
f 276.694.4308
Toll Free 1.866.974.4416

Joan & Howard
Woltz Hospice Home
945 Zephyr Road
Dobson, NC 27017
p 336.356.5000
f 336.356.5001
Toll Free 1.877.356.0356

Mr. Craig Smith, Chief
Certificate of Need Section, Division of Health Service Regulation
North Carolina Department of Health and Human Services
809 Ruggles Drive
Raleigh, North Carolina 27626-0530

RE: Mountain Valley Hospice & Palliative Care Request for No Review/Yadkin
County

Dear Mr. Smith:

Hospice of Surry, Inc. d/b/a Mountain Valley Hospice and Palliative Care (MVHPC) filed a Certificate of Need application in May 2013 for development of a 6-bed (4 inpatient and 2 residential beds) hospice inpatient facility in Yadkin County. Separate from that CON project, MVHPC intends to develop a hospice administrative building and requests a determination that such development is not a new institutional health service, and is thus not subject to CON review.

MVHPC currently leases office space for its Yadkinville hospice home care agency. If approved for the separately filed Yadkin hospice inpatient bed project, MVHPC intends to construct a new administrative building (to house the Yadkinville hospice home care agency) on the same Yadkinville site, but in a separate building from the proposed Yadkinville Care Center.

MVHPC, a licensed North Carolina hospice office, is an existing health service facility. According to North Carolina law, G.S. 131E 176(16), a capital expenditure of less than \$2 million for an existing health service facility does not constitute a new institutional health service.

The total projected cost for the administrative building is less than \$2 million. Because the administrative building is on the same site as the CON project, site acquisition and site development costs are allocated to the CON project (hospice inpatient and residential facility) and to the administrative building based on facility square footage.

MVHPC will develop and own the hospice administrative building. The facility will be approximately 6,231 gross square feet. Please see Attachment A for the site plan and line drawing of the proposed Yadkinville campus which will house the MVHPC Yadkinville hospice home care agency. (These documents correspond to Exhibit 13 in the Yadkin CON application). MVHPC will not develop, own or operate any "new institutional health services" in the administrative building. No new institutional health service that would require a certificate of need will be provided in the administrative building.

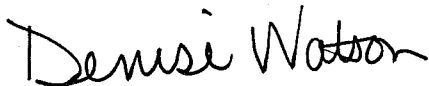
The total project cost for the administrative building is \$1,760,877, as shown in Attachment B. A certified cost estimate from a licensed architect for the construction costs associated with the project is also attached.

In summary, MVHPC requests that the Division of Health Service Regulation, CON Section confirm in writing that development of the proposed administrative building as described herein does not constitute a new institutional health service and does not require a certificate of need.

Please contact me at 336.789.2922 regarding any questions concerning this request.

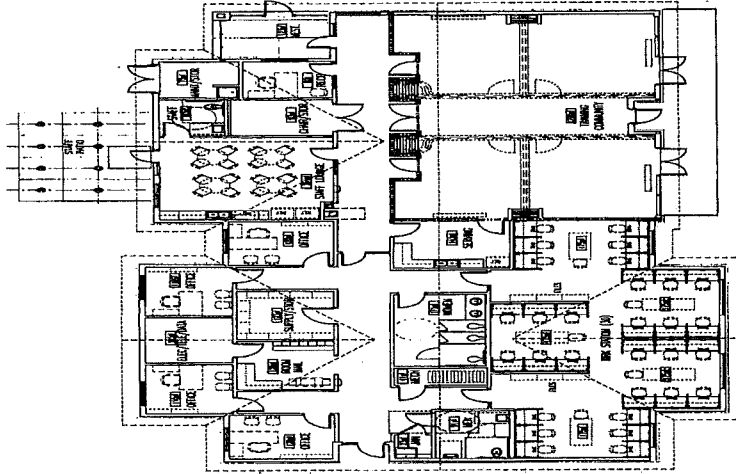
Sincerely,

Denise Watson, RN, MBA
Executive Director

A handwritten signature in black ink that reads "Denise Watson". The signature is written in a cursive, flowing style.

Attachments: A - Site Plan and Line Drawing
B - Project Capital Cost & Architect's Cost Estimate

Attachment A: Site Plan and Line Drawing



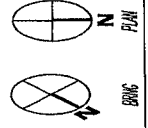
ARCHITECT
 ASSOCIATES, INC.

Mountain Valley Hospice - Administ.

HEATED: 6102 GROSS SF
 TOTAL: 6221 GROSS SF

FLOOR PLAN

C.O.N. SUBMITTAL		MAY 6,	
OWNER	Mountain Valley Hospice	PROJECT	1
ARCHITECT	GMK ASSOCIATES, INC.	DATE	5/6/00
PROJECT NO.	2001 Mountain View Hospice	SCALE	AS SHOWN
DATE	5/6/00	BY	JK



Attachment B: Project Capital Cost & Architect Cost
Estimate

Attachment B

PROPOSED CAPITAL COSTS

Project name: Hospice Administrative Building
 Proponent: Hospice of Surry, Inc.

A. Site Costs	
(1) Full purchase price of land # Acres ___ Price per acre _____	\$85,440
(2) Closing costs and legal fees	
(3) Site inspection and survey	
(4) Site preparation costs	
(5) Other	
(6) Subtotal Site Costs	\$85,440
B. Construction Contract(s)	
(7) Cost of construction contract(s)	\$1,269,112
(8) Other (Design/Construction Contingency)	\$88,838
(9) Subtotal construction contract(s)	\$1,357,950
C. Miscellaneous Project Costs	
(10) Building purchase	
(11) Equipment & furniture not included above	\$125,000*
(12) Consultant fees	
Architect & engineering fees	\$108,636
Certificate of need preparation	
Legal fees	
Market analysis	
Other	
Subtotal consultant fees	\$108,636
(13) Financing costs	
Bond	
HUD	
Commercial loan	
Other (specify)	
Subtotal financing costs	\$0
(14) Interest during construction	\$0
(15) Other (project contingency)	\$83,851
(16) Subtotal miscellaneous project costs	\$317,487
Total Capital Cost of Project	\$1,760,877

*includes applicable N.C. sales tax.

**Mountain Valley Hospice
Administration Building
Mount Airy, North Carolina**

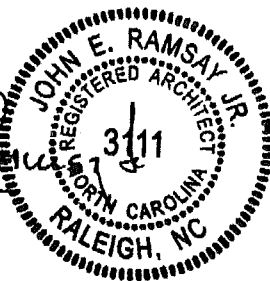
ADMIN FACILITY - SPACE PROGRAM
May 15, 2013

COMPONENT- ROOM	SIZE (FEET)			SUB TOTAL (NSF)	No. of Rooms	TOTAL NSF	(GSF)
Public							
Vestibule	10.25	x	12	123	1	123	
Reception	8	X	10.25	82	1	82	
Training/Conference Rm.	varies	X	45.9	1260	1	1,260	
Serving Rm	10.75	X	13.3	143	1	143	
Chair Stor.	8	X	11.6	93	1	93	
						1,701	(2,430)
Outpatient Services Administration							
Director Office	10	X	12	120	1	120	
Office	10	X	12	120	1	120	
Office	10	X	11	110	1	110	
Office	10	X	11	110	1	110	
Work Area (5)	11.3	X	15.5	175	5	875	
Mail/Workrm	10.8	X	11.1	120	1	120	
Storage/Supply	11.1	X	11.1	123	1	123	
Staff Lounge	varies	X	18.7	360	1	360	
Staff Tit.	7.5	X	8	60	1	60	
Women's Toilet	10.4	X	16.4	171	1	171	
Men's Toilet	8.4	X	10.8	91	1	91	
Janitor Closet	4.3	X	5.3	23	1	23	
						2,282	(3,266)
Ancillary							
Mech. Access-Patient	3.9	X	10.6	41	1	41	
Main/ Stor	8	X	9.1	73	1	73	
Elec/Tele/Data	10	X	10.3	103	1	103	
						217	(310)
SUBTOTAL (Net)						4,200	
Walls and Circulation						1,806	
						43%	
HOSPICE ADMIN HEATED GROSS SQUARE FEET						6,006	
Staff Patio						225	
HOSPICE ADMIN TOTAL GROSS SQUARE FEET						6,231	

Prepared by
GMK Associates

John E. Ramsay, Jr.

John E. Ramsay, Jr., AIA
NC Registration #3111



**Mountain Valley Hospice
Mount Airy, NC**

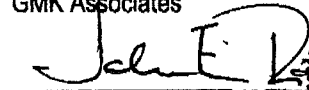
Yadkinville Administrative Building

Schematic Budget Estimate

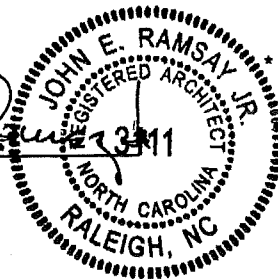
May 15, 2013

<u>Total Building Area:</u>	6,231 GSF	
A. Public Spaces	2,430 GSF	\$437,400
D. Outpatient Service Administration	3,266 GSF	\$620,540
F. Ancillary	310 GSF	\$49,600
G. Outdoor Covered Canopies	225 GSF	\$21,375
H. Sitework- Grading, Paving & Utilities	0 GSF	\$109,042
I. Storm Water Retention (If Required)	0 GSF	\$31,155
	<u>Total Admin Construction Costs</u>	\$1,269,112

Prepared by
GMK Associates



John E. Ramsay, Jr., AIA
NC Registration # 3111



* GSF stands for Gross Square Feet

**Mountain Valley Hospice
Mount Airy, NC**

Yadkinville Administrative Building

Project Cost Estimate Summary

May 15, 2013

Construction Cost

Admin Building \$1,269,112

Design/Construction Contingency @ 7% \$88,838

Subtotal \$1,357,950

A/E Fees, Testing, Permit Fees @ 8.0% \$108,636

Furniture, Furnishings & Equipment \$125,000

Land Acquisition \$85,440

Subtotal \$1,677,026

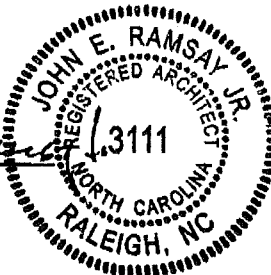
Project Contingency @ 5% \$83,851

Total Project Cost Estimate \$1,760,877

Prepared by
GMK Associates

John E. Ramsay, Jr.

John E. Ramsay, Jr., AIA
NC Registration # 3111



**Mountain Valley Hospice
Mount Airy, NC**

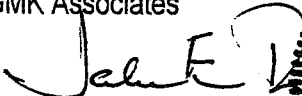
Yadkinville Care Center and Admin Building

Overall Project Cost Estimate Summary

May 15, 2013

Construction Cost	
Care Center	\$2,440,030
Admin Building	\$1,269,112
Total Construction Cost	<u>\$3,709,142</u>
Design/Construction Contingency @ 7%	<u>\$259,640</u>
Subtotal	\$3,968,782
A/E Fees, Testing, Permit Fees @ 8.0%	\$317,503
Furniture, Furnishings & Equipment	\$350,000
Land Acquisition	<u>\$240,000</u>
Subtotal	\$4,876,285
Project Contingency @ 5%	<u>\$243,814</u>
Total Project Cost Estimate	<u><u>\$5,120,099</u></u>

Prepared by
GMK Associates


John E. Ramsay, Jr., AIA
NC Registration # 3111

