



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

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Ambassador (Ret.)  
Secretary DHHS

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Division Director

June 21, 2013

Denise Gunter  
Nelson Mullins Riley & Scarborough LLP  
380 Knollwood Street, Suite 530  
Winston-Salem, NC 27103

**No Review**

Business: Piedmont Gastroenterology Specialists, P.A.  
Project Description: Acquisition of Piedmont Gastroenterology Specialists, P.A. by Salem Gastroenterology Associates, P.A.  
County: Forsyth

Dear Ms. Gunter:

The Certificate of Need Section (CON Section) received your letter of June 13, 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 Acute and Home Care Licensure and Certification Section of the Division of Health Service Regulation to determine if they have any requirements for changing ownership of the existing facility.

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](http://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

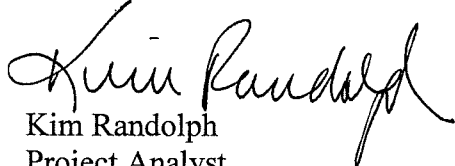
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Please contact the CON Section if you have any questions. Also, in all future correspondence you should reference the Facility I.D. # (FID) if the facility is licensed.

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

# Nelson Mullins

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June 13, 2013

## By Overnight Delivery

(Delivery Site Phone 919.855.3873)

Mr. Craig Smith, Chief  
Certificate of Need Section (DHSR)  
N.C. Department of Health & Human Services  
809 Ruggles Drive  
Raleigh, NC 27603

Received by  
the COIN Section  
JUN 17 2013

Re: *Acquisition of Piedmont Endoscopy Center, Inc. by Piedmont Gastroenterology Specialists, P.A.*

*Acquisition of Piedmont Gastroenterology Specialists, P.A.  
by Salem Gastroenterology Associates, P.A.*

Dear Mr. Smith:

I am writing on behalf of our clients Piedmont Gastroenterology Specialists, P.A. ("PGS"), Salem Gastroenterology Associates, P.A. ("SGA") and Piedmont Endoscopy Center, Inc. ("PEC") regarding the transactions described herein. PGS and SGA are each North Carolina professional corporations and medical practices in Winston-Salem. PGS is also the sole owner (shareholder) of PEC, a North Carolina business corporation and licensed ambulatory surgical facility (License No. AS0044), also in Winston-Salem.

This letter provides the Certificate of Need Section with prior written notice, pursuant to N.C. Gen. Stat. § 131E-184(a)(8), that PGS intends to acquire its wholly-owned subsidiary PEC. This acquisition will be accomplished by merger of PEC "upward" into the corporate parent, PGS.

This letter also provides the Certificate of Need Section with prior written notice, pursuant to N.C. Gen. Stat. § 131E-184(a)(8), that SGA intends to acquire PGS. This acquisition will be accomplished by a merger of PGS into SGA, with SGA as the surviving entity following the merger. At the time of SGA's acquisition of PGS, PGS's assets will

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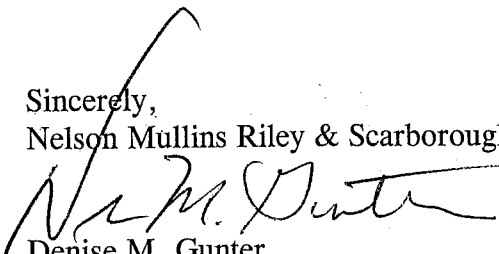
include the ambulatory surgical facility formerly operated by PEC, by virtue of the merger of PEC into PGS described in the first paragraph of this letter.

We expect that the merger of PEC into PGA will close and be effective on or about the close of business on June 30, 2013, and expect the merger of PGS into SGA will close and be effective on or about July 1, 2013. As you know, the CON law provides that upon receiving prior written notice, the CON Section shall exempt from CON review the acquisition of "*an existing health service facility, including equipment owned by the health service facility at the time of acquisition.*" N.C. Gen. Stat. § 131E-184(a)(8). An ambulatory surgical facility is a health service facility. *Id.* at § 131E-176(9b).

We would therefore appreciate receiving written confirmation that the acquisition of Piedmont Endoscopy Center, Inc. by Piedmont Gastroenterology Specialists, P.A. is exempt from CON review. We also would appreciate receiving written confirmation that the acquisition of Piedmont Gastroenterology Specialists, P.A. by Salem Gastroenterology Associates, P.A. is exempt from CON review. Because of the proposed July 1, 2013 effective date of the merger, we would greatly appreciate if you would contact me immediately (or if I am out of the office, my partner Richard Howington at 336.774.3321) if you have any questions or concerns regarding the acquisition.

Thank you for your assistance and consideration.

Sincerely,  
Nelson Mullins Riley & Scarborough LLP



Denise M. Gunter