



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

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July 11, 2014

Kenneth L. Burgess
301 Fayetteville Street, Suite 1900
Raleigh, NC 27601

Exempt from Review – Acquisition of Facility

Facility: MedWest Harris Hospital
Acquisition by: DLP Harris Regional Hospital, LLC
County: Jackson
FID #: 923046

Dear Mr. Burgess:

In response to your letter of June 23, 2014, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(8). Therefore, DLP Harris Regional Hospital, LLC, 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 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,

Julie Halatek
Project Analyst

Martha J. Frisone, Interim Chief
Certificate of Need Section

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



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



Julie

Poyner Spruill^{LLP}



June 23, 2014

Kenneth L. Burgess
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Via Hand Delivery

Ms. Martha Frisone
Acting Chief
Certificate of Need Section
Division of Health Service Regulation
N.C. Department of Health and Human Services
809 Ruggles Drive
Raleigh, NC 27603

RE: Notice of Exempt Acquisition of an Existing Health Care Facility and Request for No Review Determination: Acquisition of MedWest Harris Hospital (FID #923046)

Dear Ms. Frisone:

Our firm represents DLP Harris Regional Hospital, LLC ("DLP Harris") and DLP Healthcare, LLC ("DLP Healthcare"). We are providing this letter pursuant to N.C. Gen. Stat. § 131E-184(a)(8) to inform the Certificate of Need Section ("CON Section") that DLP Harris proposes to acquire ownership and control of substantially all of the assets of MedWest Harris Hospital ("MedWest Harris"), located in Sylva, North Carolina.¹ As you are probably aware, MedWest Harris is an acute care hospital (Lic. No. H0087), with eighty-six (86) general acute care beds; six (6) shared surgical operating rooms and one (1) endoscopy room, and is owned by WestCare, Inc.

DLP Harris and WestCare, Inc. will enter into an asset purchase agreement pursuant to which DLP Harris will acquire all of the assets of MedWest Harris. WestCare, Inc. is a North Carolina nonprofit corporation. DLP Harris is a Delaware limited liability corporation authorized to do business in North Carolina and is a related entity to DLP Healthcare. DLP Healthcare is a joint venture between Duke Quality Network, Inc. (a wholly-controlled affiliate of Duke University Health System, Inc.) and DLP Partner, LLC, a Delaware company which is a related entity to LifePoint Hospitals, Inc., a publicly-traded company that operates 61 hospital campuses in 20 states. An organizational chart depicting the post-closing corporate ownership structure is attached for your convenience.

DLP Healthcare was formed for the purpose of strengthening and improving the delivery of healthcare services throughout North Carolina and the surrounding regions by creating flexible affiliation options for community hospitals. DLP Healthcare currently has affiliation and/or joint ownership arrangements with other North Carolina community hospitals.

¹ Please note that MedWest Harris Hospital currently holds two undeveloped certificates of need, one for development of one C-Section room and renovation of the hospital's Women's and Children's Inpatient Services and one for relocation and expansion of the hospital Emergency Department and addition of one X-ray unit. Both of these CONs are the subject of separate Requests for Transfer for Good Cause Determinations which are being submitted to the CON Section contemporaneously with this correspondence.

Ms. Martha Frisone
Acting Chief, CON Section
June 23, 2014
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Poyner Spruill^{LLP}

As previously noted, in the proposed transaction, DLP Harris will acquire ownership and control of all of the assets of MedWest Harris, including the acute care hospital which is an existing health service facility as defined under North Carolina's Certificate of Need Law at N.C. Gen. Stat. § 131E-176(9b). The Certificate of Need 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).

The purpose of this letter is to serve as the prior written notice required by that statutory provision. Accordingly, we would appreciate receiving written confirmation that DLP Harris's proposed transaction whereby it will acquire ownership and control of MedWest Harris's assets, as described herein, is exempt from CON review.

Thank you in advance for your prompt consideration of this request. The parties wish to close the proposed transaction on or about July 31, 2014, and we request a response from you before that time, if possible.

Please contact us if you have questions or need any additional information.

With best regards, I am

Very truly yours,



Kenneth L. Burgess
Partner

Enclosure

cc: (via e-mail, w/ enclosure)
Cory A. Brown, Esq., Counsel for DLP Healthcare
Christy Gudaitis, Esq., Counsel for Duke
Jennifer Peters, Esq., Counsel for LifePoint

State of North Carolina

Department of Health and Human Services Division of Health Service Regulation

Effective January 01, 2014, this license is issued to

WestCare, Inc.

to operate a hospital known as

MedWest Harris

located in Sylva, North Carolina, Jackson County.

*This license is issued subject to the statutes of the
State of North Carolina, is not transferable and shall remain
in effect until amended by the issuing agency.*

Facility ID: 923046

License Number: H0087

Bed Capacity: 86

General Acute 86

Dedicated Inpatient Surgical Operating Rooms: 0

Dedicated Ambulatory Surgical Operating Rooms: 0

Shared Surgical Operating Rooms: 6

Dedicated Endoscopy Rooms: 1

Authorized by:



Secretary, N.C. Department of Health and
Human Services





Director, Division of Health Service Regulation

DLP HEALTHCARE, LLC

Governors:

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Duke Quality Network, Inc.
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DLP Partner, LLC
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