



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

June 30, 2014

Jeffrey Shovelin, Director, Corporate Planning  
Vidant Health  
Post Office Box 6028  
Greenville, North Carolina 27835-6028

**Exempt from Review – Physician Office Building**

Provider: Vidant Health  
Project Description: Construct multispecialty medical office building in Belhaven  
County: Beaufort

Dear Mr. Shovelin:

In response to your letters of June 18, 2014 and January 17, 2014, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(9). Therefore, you may proceed to offer, develop or establish the above referenced project without a certificate of need.

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

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,

Jane Rhoe-Jones  
Project Analyst

Martha J. Frisone, Interim Chief  
Certificate of Need Section

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



**Certificate of Need Section**

[www.ncdhhs.gov](http://www.ncdhhs.gov)

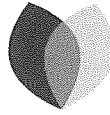
Telephone: 919-855-3873 • Fax: 919-733-8139

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

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

An Equal Opportunity/ Affirmative Action Employer





## VIDANT HEALTH™

June 18, 2014

Ms. Jane Rhoe-Jones  
Certificate of Need Section  
Division of Health Service Regulation  
NC Department of Health and Human Services  
2704 Mail Service Center  
Raleigh, NC 27699-2704

Received by  
the CON Section  
JUN 20 2014

RE: Request for "No Review" for Belhaven (Beaufort County) Medical Office Building – Additional Information

Dear Ms. Rhoe-Jones:

Per your request, Vidant Health has isolated and separated out the construction and equipment costs associated the lab and radiology areas of the proposed Belhaven Medical Office Building (MOB) in Beaufort County. Attached are the drawings with the lab and radiology areas highlighted along with a breakout of the equipment and construction costs for each area.

The total cost for just these two areas is estimated to be \$441,260 based on:

- Lab Construction - \$100,448
- Lab Equipment (counter top for basic and rapid lab profiles) - \$20,000
- Radiology Construction - \$90,812
- Radiology Equipment (fixed digital x-ray system) - \$230,000

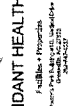
VH believes the lab and radiology services to be provided would not classify the MOB as a diagnostic center since the total cost to develop both services (equipment and construction) is below the \$500,000 threshold for a diagnostic center as defined in G.S. 131E-176 (7a).

If you require additional information or clarification, please contact me at (252)-847-3631.

Jeffrey Shovelin  
Director of Corporate Planning  
Vidant Health



**THE EAST GROUP**  
 ARCHITECTS  
 1000 EAST 17TH AVENUE, SUITE 1000  
 DENVER, CO 80202  
 TEL: 303.733.1000  
 WWW.EASTGROUP.COM



**VIDANT HEALTH**  
 Facilities + Programs  
 2000 EAST 17TH AVENUE, SUITE 1000  
 DENVER, CO 80202  
 TEL: 303.733.1000  
 WWW.VIDANTHEALTH.COM

**PRELIMINARY**  
 DO NOT USE FOR  
 CONSTRUCTION

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 DO NOT USE FOR  
 CONSTRUCTION

NO.	DATE	DESCRIPTION
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3	02/01/12	ISSUED FOR PERMIT
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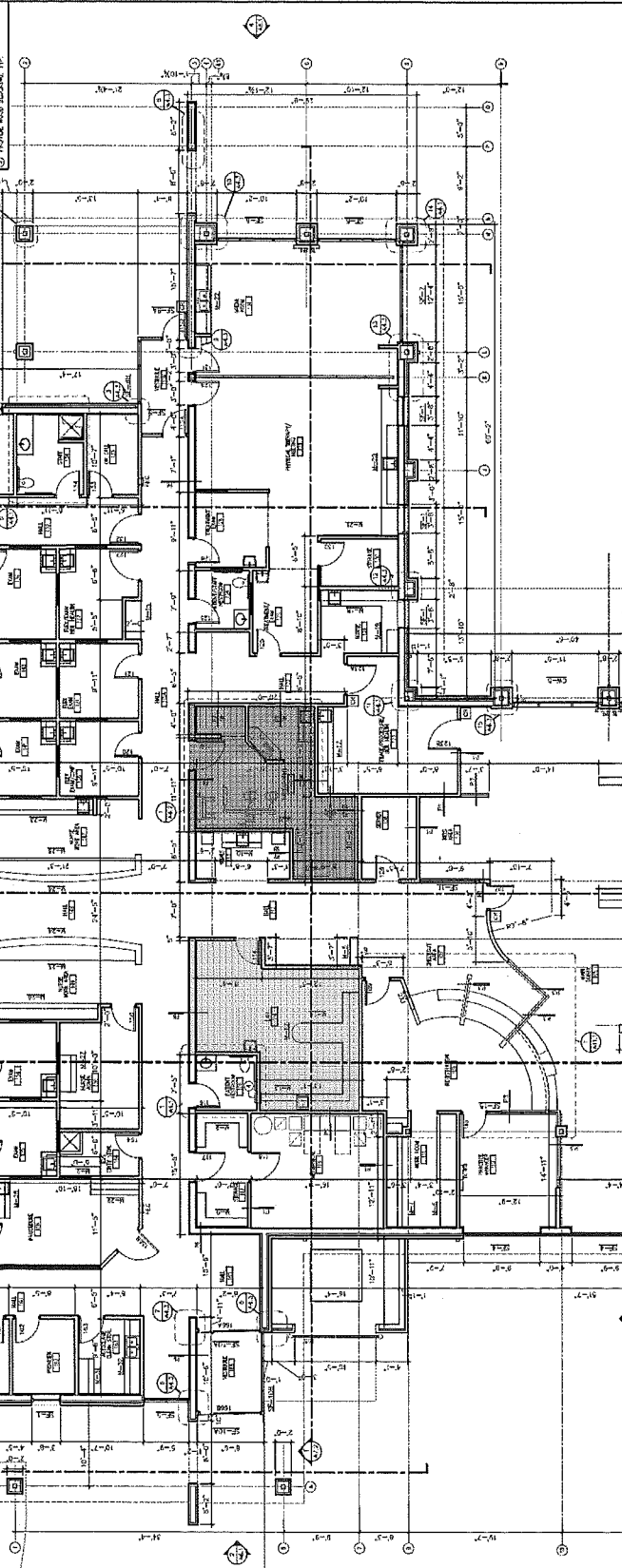
PROJECT NO. 2011000000  
 SHEET NO. 2333

**BEHAVIOR CLINIC**

FLOOR PLAN

**A2.1**

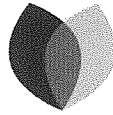
- General Notes**
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**Room Area Equipment Cost Construction Cost**

Room	Area	Equipment Cost	Construction Cost
Radiology	311 sf	\$230,000	\$90,812
Lab	344 sf	\$20,000	\$100,448

**1 FLOOR PLAN**  
 11/15/11



VIDANT HEALTH™

*Jane*

Received by  
the CON Section  
JAN 22 2014

January 17, 2014

Ms. Jane Rhoe-Jones  
Certificate of Need Section  
Division of Health Service Regulation  
NC Department of Health and Human Services  
2704 Mail Service Center  
Raleigh, NC 27699-2704

RE: Request for "No Review" for Belhaven (Beaufort County) Medical Office Building

Dear Ms. Rhoe-Jones:

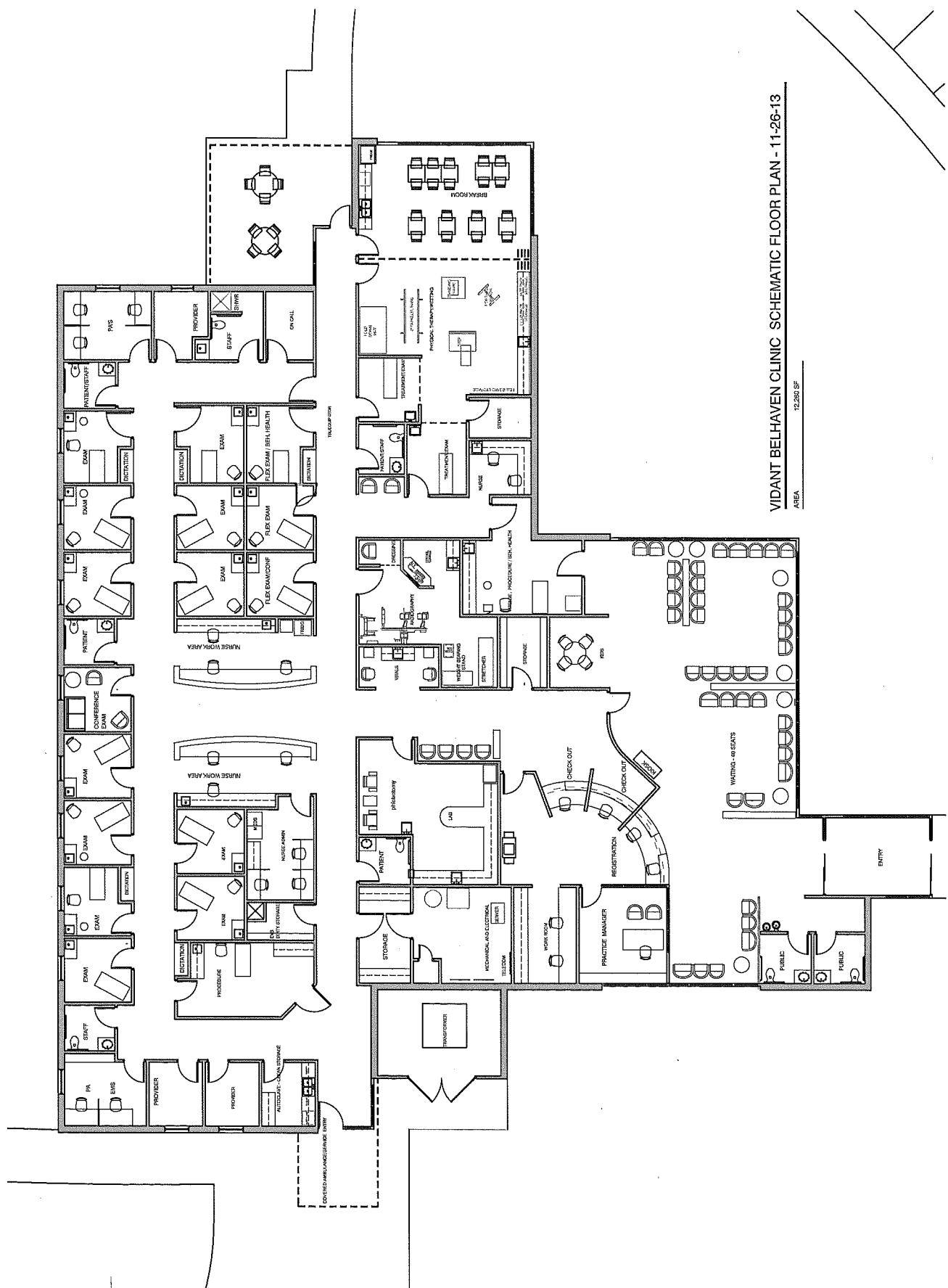
Vidant Health (VH) plans to build a multispecialty medical office building in Belhaven, NC (Beaufort County). VH believes that the proposed additional equipment is not subject to review under North Carolina's Certificate of Need (CON) laws.

The proposed project includes the construction of a new 12,000 square foot medical office building. The facility will include space for primary care and specialist clinics, outpatient rehab, phlebotomy, and diagnostic x-ray. No new institutional health services will be provided in the facility. The reason for the project is to meet current and projected access to outpatient physician services for the residents of Belhaven and Hyde County. The project will be funded through accumulated reserves. The total capital cost for the proposed project is estimated to be \$4.3M. These costs include all expenses associated with construction and equipment.

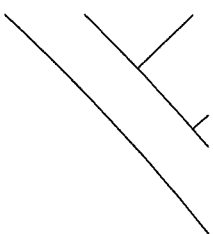
Per G.S. 131E-184(9), "the Department shall exempt from certificate of need review a new institutional health service if it receives prior written notice from the entity proposing the new institutional health service, which notice includes an explanation of why the new institutional health service is required, for any of the following ..... to develop or acquire a physician office building regardless of cost, unless a new institutional health service other than defined in G.S. 131E-176(16)b. is offered or developed in the building." Since the project is for a physician office building and does not contain any new institutional health services, VH believes the proposed project is exempt from review and requests approval of a no review status for the proposed project.

If you require additional information or clarification, please contact me at (252)-847-3631.

Jeffrey Shovelin  
Director of Corporate Planning  
Vidant Health



VIDANT BELHAVEN CLINIC SCHEMATIC FLOOR PLAN - 11-26-13  
AREA 12,285 SF



## CAPITAL COST SUMMARY

**Site Costs**

(1) Full purchase price of land		\$	187,500
Acres 3 Price per Acre \$ 62,500			
(2) Closing costs		\$	0
(3) Site Inspection and Survey		\$	0
(4) Legal fees and subsoil investigation		\$	0
(5) Site Preparation Costs [Include]			
Soil Borings			
Clearing and Grading			
Roads and Parking			
Sidewalks			
Water and Sewer			
Excavation and Backfill			
Termite Treatment			
Sub-Total Site Preparation Costs		\$	0
(6) Other (Specify)		\$	0
(7) Sub-Total Site Costs		\$	187,500
Construction Contract			
(8) Cost of Materials [Include]			
General Requirements			
Concrete/Masonry			
Woods/Doors & Windows/Finishes			
Thermal & Moisture Protection			
Equipment/Specialty Items			
Mechanical/Electrical			
Sub-Total Cost of Materials		\$	1,788,900
(9) Cost of Labor		\$	1,317,600
(10) Other			
(11) Sub-Total Construction Contract		\$	3,106,500
Miscellaneous Project Costs			
(12) Building Purchase		\$	0
(13) Fixed Equipment Purchase/Lease		\$	400,000
(14) Movable Equipment Purchase/Lease		\$	0
(15) Furniture		\$	0
(16) Landscaping		\$	0
(17) Consultant Fees			
Architect and Engineering Fees		\$	366,000
Legal Fees			
Market Analysis			
CON Preparation			
Sub-Total Consultant Fees		\$	366,000
(18) Financing Costs (e.g. Bond, Loan, etc.)		\$	0
(19) Interest During Construction		\$	0
(20) Other (IS Technology)		\$	240,000
(21) Sub-Total Miscellaneous		\$	1,006,000
(22) Total Project Capital Cost (Sum A-C above)		\$	4,300,000

I certify that, to the best of my knowledge, the above construction related costs of the proposed project named above are complete and correct.

Timothy John McDonnell 1-2-14  
 (signature of Licensed Architect or Engineer)

