



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

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Drexdal Pratt
Division Director

October 6, 2015

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

No Review

Record #: 1757
Facility Name: Maria Parham Medical Center
FID #: 943326
Business Name: Maria Parham Medical Center
Business #: 1179
Project Description: Add two Hyperbaric Oxygen Chambers to the relocated wound care center to be located within the hospital
County: Vance

Dear Mr. Burgess:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter of September 23, 2015 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.

However, you need to contact the Agency's Construction and Acute Care and Licensure Certification Sections 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 in your correspondence. 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 this office. Changes in a project include, but are not limited



Healthcare Planning and Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-715-4413

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

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


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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.

Please contact this office if you have any questions. Also, in all future correspondence you should reference the Facility ID # (FID) if the facility is licensed.

Sincerely,


Bernetta Thorne-Williams
Project Analyst


Martha J. Frisone
Assistant Chief, Certificate of Need

cc: Acute and Home Care Licensure and Certification Section, DHSR
Construction Section, DHSR
Kelli Fisk, Program Assistant, Healthcare Planning

September 23, 2015

VIA HAND DELIVERY

Martha Frisone
Assistant Chief
Health Planning and Certificate of Need Section
Division of Health Service Regulation
809 Ruggles Drive
Raleigh, N.C. 27603



Kenneth L. Burgess
Partner
D: 919-783-2917
F: 919-783-1075
kburgess@poynerspruill.com

RE: DLP Maria Parham: No Review/Exemption Supplementary Information

Dear Martha:

I am writing on behalf of our client, DLP Maria Parham Medical Center ("Maria Parham"), to provide supplemental and clarifying information in support of the No Review/Exemption Notice filed with your office by Maria Parham's Chief Operating Officer, Timothy Harclerode, on August 12, 2015, in connection with Maria Parham's relocation, renovation and expansion of its Wound Care Center. Your office approved the hospital's No Review/Exemption Request on August 24, 2015.

In speaking with you about this project last week, it became clear that the CON Section was not aware that the project included the addition of two Hyperbaric Oxygen Chambers. As we discussed, and as demonstrated by the enclosed information, these two Hyperbaric Chambers do not meet the definition of "major medical equipment" contained at N.C. Gen. Stat. § 131E-176(14o) and do not otherwise meet the definition of "new institutional health service" contained at N.C. Gen. Stat. § 131E-176(16) and therefore are not subject to CON review. The purpose of this letter is to request confirmation by your office that Maria Parham may proceed with the inclusion of these two chambers without CON review.

The two Hyperbaric Oxygen Chambers being installed at Maria Parham are being provided as part of a Management Services Agreement between the hospital and Accelecare Wound Care Centers, Inc. pursuant to which Accelecare will provide wound care and hyperbaric management services. Pursuant to the Agreement, the two Hyperbaric Chambers will at all times be owned and maintained by Accelecare. Upon termination of the Management Services Agreement, both chambers will be removed by Accelecare.

Assuming that under such an arrangement, this equipment would be attributed to Maria Parham for purposes of the CON Statute, neither chamber, including the costs of the equipment, studies, designs, plans, construction, installation and the other related costs included in the definition of "major medical equipment" at N.C. Gen. Stat. § 131E-176(14o) exceeds \$750,000.00 and thus neither chamber meets the definition of "major medical equipment" in the CON Statute. Attached to this correspondence, please find the following supporting documentation:

1. An email from Robin Walsh of Healogics reflecting that the cost of each Hyperbaric Oxygen Chamber is \$100,000.00 (resulting in a total equipment cost of \$200,000.00 for both chambers). See Attachment 1.

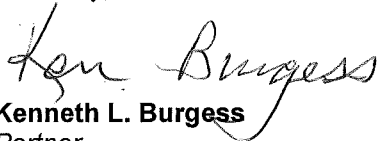
Martha Frisone
September 23, 2015
Page 2

2. A budget showing total costs for relocation, expansion and renovation of the Wound Care Center, reflecting a total construction cost of \$1,467,991.00. See Attachment 2, Exhibit B.
3. An email from HMK Architects PLLC confirming that of the total space which will be occupied by the relocated and expanded Wound Care Clinic, which is 3,685 square feet, the total space dedicated to the Hyperbaric Chambers themselves is only 527 square feet. I have also enclosed a supporting line drawing of that space which reflects the 527 square feet allocated to the chamber room and an additional 108 square feet allocated to the chamber support room. See Attachment 3. The cost allocations discussed in items 4 and 5, below, include a total allocation of 635 square feet, reflecting the space allocated to the chamber room and the chamber support room.
4. A chart reflecting the portion of the total space, and attendant costs, which are attributable to the two Hyperbaric Oxygen Chambers, reflecting an allocated cost per chamber of \$240,934.00 including both the equipment and related construction costs. See Attachment 4.
5. A certification from HMK Architect Neil Hinson confirming that the constructions costs we are providing to the CON Section are accurate and a certification from Maria Parham's Chief Operating Officer, Timothy Harclerode, that the total capital costs, including the Hyperbaric Chambers, are accurate. See Attachment 4, Exhibits A and B.

In allocating costs to the two chambers, we have included all costs necessary to install and make operational the two Hyperbaric Oxygen Chambers. In support of this request, I would point the CON Section to the Final Agency Decision and the subsequent decision of the N.C. Court of Appeals in the matter of *Mission Hospitals, Inc. et al. v. N.C. Department of Health and Human Services, Division of Health Service Regulation, Certificate of Need Section and Asheville Hematology and Oncology Associates, P.A.* Those cases stand for the proposition that the CON Section should only consider costs required to obtain and make operational designated medical equipment when considering whether such equipment falls within the definition of "major medical equipment" in the CON Statute.

Please let me know if you need additional information with respect to this Exemption/No Review Notice or if we need to discuss any of the information we have provided. As you know from our discussions, Maria Parham is eager to proceed with the relocation and expansion of its Wound Care Center. As such, we would appreciate your earliest response to this correspondence.

Sincerely,



Kenneth L. Burgess
Partner

cc: Brian Sinotte
Michael McKillip
Amanda Brown, Esq.

Enclosures

Hamilton, Kristine L.

From: Amanda.Brown@LPNT.net
Sent: September 17, 2015 10:32 AM
To: Burgess, Kenneth L.
Subject: FW: capital costs for HBO chambers

AMANDA BROWN
ASSOCIATE GENERAL COUNSEL
LEGAL DEPARTMENT
LifePoint Health
330 Seven Springs Way
Brentwood, Tennessee 37027
Phone 615.920.7632
Amanda.Brown@LPNT.net

WWW.LIFEPOINTHEALTH.NET

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From: Chatman Jim
Sent: Thursday, September 17, 2015 9:14 AM
To: Nancy Lane; Brown Amanda - Brentwood; Kelly Ivey; Will Holding
Subject: FW: capital costs for HBO chambers

Nancy/Amanda, please see email below from the vendor regarding the costs of the two HBO chambers. I will be sending other info shortly. Thanks.

From: Robin Walsh [<mailto:Robin.Walsh@healogics.com>]
Sent: Thursday, September 17, 2015 10:11 AM
To: Chatman Jim
Cc: Sinotte Brian; Tom.Butler@LPNT.com
Subject: capital costs for HBO chambers

Jim,
In follow up to our discussions, this email will confirm that the cost of 2 HBO chambers is \$200,000 total.
Please let me know if you need any additional info.
Regards,
Robin

Robin Walsh
Healogics
615-585-0903

EXHIBIT A

PROPOSED CAPITAL COSTS Construction


Project name: Wound Care Clinic Expansion

Proponent: DLP Maria Parham Medical Center,LLC

A. Site Costs		
(1) Full purchase price of land _____ Acres at \$_____ per acre		
(2) Closing costs		
(3) Site inspection and survey		
(4) Legal fees/subsoil investigation		
(5) Site preparation costs Soil borings Clearing-earthwork Fine grade for slab Roads-paving-sidewalks Water and sewer Footings Termite treatment Other (HVAC Pre-testing) Sub-total site preparation costs		\$3,000
(6) Other (Installation)		
(7) Sub-Total Site Costs		\$3,000
B. Construction Contract		
(8) Cost of Building construction General requirements Concrete/masonry Woods/doors/windows finishes Thermal & moisture protection Equipment and specialty items Oxygen ParkAccelecare Mechanical/electrical/plumbing Other: () Sub-total materials and labor	850,000 65,941	\$915,941
(10) Other (Contingency)		
Sub-Total Construction Contract		\$915,941

C. Miscellaneous Project Costs	
(11) Building purchase	0
(12) Fixed equipment purchase/lease	
(13) Movable equipment purchase/lease includes	119,000
(14) Furniture and signage	7,000
(15) Landscaping	
(13) Consultant fees: Architect and engineering shielding design Certificate of need prep Legal fees Market analysis Other (Physics Commissioning) Sub-Total Consultant Fees	130,850
(14) Financing costs (e.g. bond, loan, etc.)	
(15) Interest during construction	
(16) Other (Contingency)	35,000
(17) Sub-Total Miscellaneous	299,050
(18) TOTAL CAPITAL COST OF PROJECT	<u>\$1,217,991</u>

I assure that, to the best of my knowledge, the above capital costs for site construction and furnishings for the proposed project are complete and correct and that it is my intent to carry out the proposed project as described.



Architect signature

9/22/2015

Date

EXHIBIT B

PROPOSED TOTAL CAPITAL COSTS

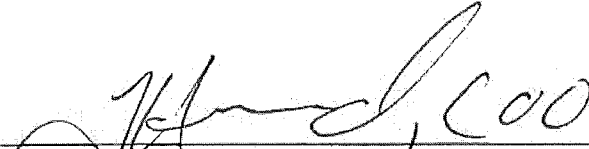
Project name: Wound Care Clinic Expansion

Proponent: DLP Maria Parham Medical Center,LLC

A. Site Costs	
(1) Full purchase price of land _____ Acres at \$_____ per acre	
(2) Closing costs	
(3) Site inspection and survey	
(4) Legal fees/subsoil investigation	
(5) Site preparation costs Soil borings Clearing-earthwork Fine grade for slab Roads-paving-sidewalks Water and sewer Footings Termite treatment Other (HVAC Pre-testing) Sub-total site preparation costs	\$3,000
(6) Other (Installation)	
(7) Sub-Total Site Costs	\$3,000
B. Construction Contract	
(8) Cost of Building construction General requirements Concrete/masonry Woods/doors/windows finishes Thermal & moisture protection Equipment and specialty items Oxygen ParkAccelecare Mechanical/electrical/plumbing Other: () Sub-total materials and labor	850,000 65,941 \$915,941
(10) Other (Contingency)	
Sub-Total Construction Contract	\$915,941

C. Miscellaneous Project Costs	
(11) Building purchase	0
(12) Fixed equipment purchase/lease	200,000
(13) Movable equipment purchase/lease	119,000
(14) Furniture and signage	7,000
(15) Landscaping	
(13) Consultant fees: Architect and engineering shielding design Certificate of need prep Legal fees Market analysis Other (Physics Commissioning) Sub-Total Consultant Fees	130,850
(14) Financing costs (e.g. bond, loan, etc.)	
(15) Interest during construction	7,200
(16) Other (Contingency+ Moving Expense)	85,000
(17) Sub-Total Miscellaneous	549,050
(18) TOTAL CAPITAL COST OF PROJECT	<u>\$1,467,991</u>

I assure that, to the best of my knowledge, the above capital costs for the proposed project are complete and correct and that it is my intent to carry out the proposed project as described.



Timothy Harclerode
Chief Operating Officer

Date 7-22-15

Hamilton, Kristine L.

From: Amanda.Brown@LPNT.net
Sent: September 16, 2015 6:19 PM
To: Burgess, Kenneth L.
Subject: FW: Maria - Wound Care
Attachments: image002.png; image001.png

See below/attached

AMANDA BROWN
ASSOCIATE GENERAL COUNSEL
LEGAL DEPARTMENT
LifePoint Health
330 Seven Springs Way
Brentwood, Tennessee 37027
Phone 615.920.7632
Amanda.Brown@LPNT.net

WWW.LIFEPONTHHEALTH.NET

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From: Sinotte Brian
Sent: Wednesday, September 16, 2015 4:55 PM
To: Brown Amanda - Brentwood; Butler Tom
Cc: Thompson Travis; Chatman Jim; O'Dell Ed
Subject: Fwd: Maria - Wound Care

Square footage detailed below

Brian Sinotte, FACHE
Chief Executive Officer
Maria Parham Medical Center

Begin forwarded message:

From: Andria Lynch <alynch@hmka.com>
Date: September 16, 2015 at 5:50:45 PM EDT
To: "Ed.Odell@lpnt.net" <Ed.Odell@lpnt.net>, Neal Hinson <nhinson@hmka.com>
Cc: Brian Sinotte <brian.sinotte@lpnt.net>
Subject: RE: Maria - Wound Care

All,

The total project consists of 3,685 Sf. Of that 3,685, 527 SF is the chamber room itself. See diagram below for outline of areas.

Please let us know if you have any more questions.

Andria Lynch, LEED AP BD+C
HMK Architects PLLC

5300 Maryland Way, Suite 109
Brentwood, TN 37027
Phone: (615) 369-6020
alynch@hmka.com

CHAMBER ROOM
SUPPORT
108 SF

CHAMBER ROOM
527 SF

REC

13-0004

13-0004

WOUND CARE CENTER
3050 SF

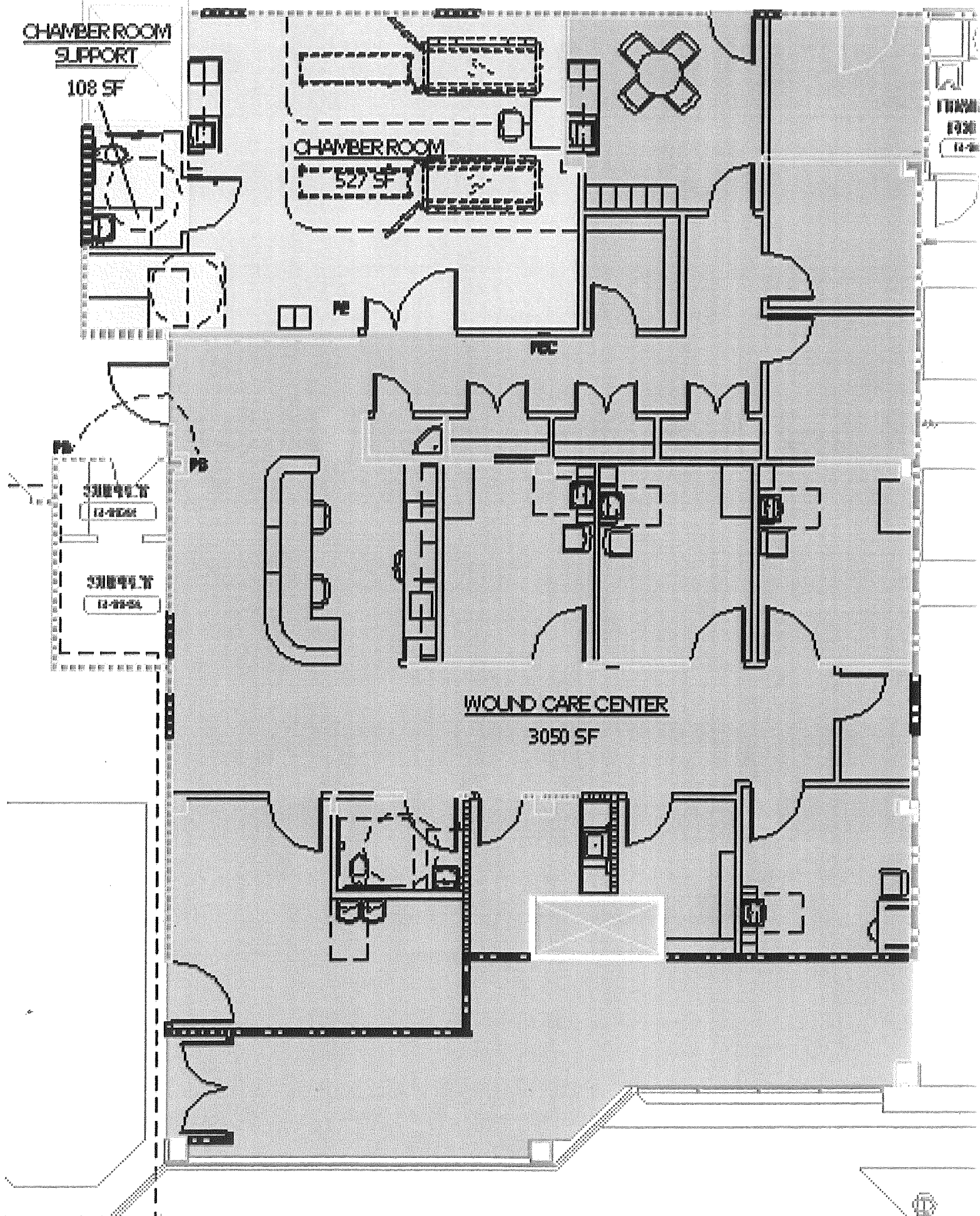


Exhibit C

Test for Major Medical Equipment

Square Footage allocation to Hyperbaric Chambers

	Space	Square Feet	Percent of Total	
a	Hyperbaric Chamber Room	635	17%	<i>from drawings</i>
b	Clinic and Offices	2900	79%	<i>from drawings</i>
c	Administration and Circulation	150	4%	<i>from drawings</i>
d	Total	3685	100%	

Allocated Construction Percent for Both Chambers

e	Hyperbaric Chamber Room	635	<i>row a square feet</i>
f	Allocated Admin and Circulation	27	<i>row c square feet times row a percent divided by (1 minus row c percent)</i>
g	Total Hyperbaric Chamber Space	662	<i>row e + f</i>
h	Hyperbaric Chamber space as Percent of Total	18%	<i>row g / row d square feet</i>

Allocated Total Capital Cost for Both Chambers

i	Total Capital Cost from Exhibit B less Chamber Equipment Cost	\$1,202,050	<i>calculate from Total Capital Cost less chambers and Chamber HVAC (\$200,000+ \$65,941)</i>
j	Percent Allocated to Chambers	18%	<i>row h</i>
k	Total Building Cost to make Chambers Operate	\$215,927	<i>row j * i</i>

Total Building and Equipment Cost for both Chambers

l	Chamber-associated Building Cost	\$215,927	<i>row k</i>
m	Equipment Cost	\$ 265,941	<i>from vendor quote</i>
n	Total cost Both Chambers	\$ 481,868	<i>row l + m</i>

Total Cost Each Piece of Equipment

o	Number of Chambers	2	
p	Cost per Chamber	\$ 240,934	<i>row n / o</i>

If row p is less than \$750,000, these are not "major medical equipment."



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

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Drexdal Pratt
Division Director

August 24, 2015

Timothy Harclerode, Chief Operating Officer
Maria Parham Medical Center
P.O. Box 59
Henderson NC 27536

No Review

Record #: 1695
Facility Name: Maria Parham Medical Center
FID #: 943326
Business Name: Maria Parham Medical Center
Business #: 1179
Project Description: Relocate wound care clinic from an on-campus medical office building to the hospital and add hyperbaric oxygen
County: Vance

Dear Mr. Harclerode:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter of August 12, 2015 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.

However, you need to contact the Agency's Construction and Acute and Home Care Licensure and Certification Sections 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 in your correspondence. 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 this office. Changes in a project include, but are not limited

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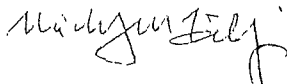


Mr. Harclerode
August 24, 2015
Page 2

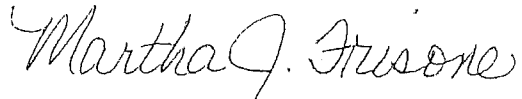
to: (1) increases in the capital cost; (2) acquisition of medical equipment not included in the original cost estimate; (3) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.

Please contact this office if you have any questions. Also, in all future correspondence you should reference the Facility ID # (FID) if the facility is licensed.

Sincerely,

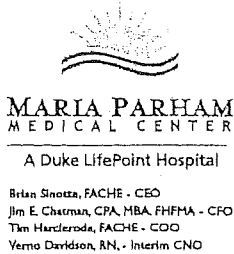


Michael J. McKillip
Project Analyst



Martha J. Frisone
Assistant Chief, Certificate of Need

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



August 12, 2015

Martha Frisone
Assistant Chief, Planning and Certificate of Need Section
Ms Bernetta Thorne Williams, Analyst
Department of Facility Services
801 Ruggles Drive
2714 Mail Service Center
Raleigh, North Carolina 27699-2714

RE: Request for Determination of Not Subject to CON Review for Expansion of Wound Care Clinic,
DLP Maria Parham Medical Center, Henderson, Vance County, HSA IV

Dear Ms. Frisone and Ms. Thorne Williams,

Please accept this letter as the required prior notification that DLP Maria Parham Medical Center (MPMC) intends to expand its Wound Care Clinic to include Hyperbaric Oxygen and to move the clinic inside the hospital. The clinic is currently located in a medical office building on campus. The proposed expansion involves a total capital expenditure of less than \$2.0 million and involves an expansion of an existing service on the main campus of the hospital. The project therefore is not a new institutional health service as defined in GS 131E-176(16). Moreover, if the capital cost were to exceed \$2.0 million it would be exempt under GS 131E-184(g).

- It is expanding an existing service on the main campus of the hospital;
- It does not result in a change in bed capacity, or addition of a health service facility or any other new institutional health service facility or service; and
- This letter provides supporting documentation to demonstrate that it meets these criteria.

The attached Exhibit A provides a summary of capital costs estimated by DukeLifePoint staff. The current address of the Wound Clinic is 568 Ruin Creek Road, Suite #2, Henderson, NC 27536

We would appreciate your earliest possible confirmation, so that we can proceed with the purchase. Thank you for your time and consideration.

Sincerely,

Timothy Harclerode
Chief Operating Officer

EXHIBIT A

PROPOSED CAPITAL COSTS

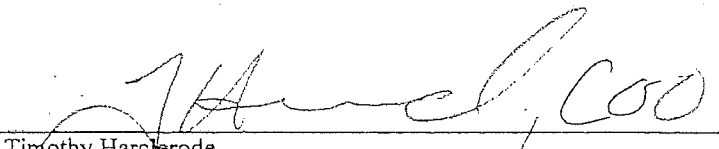
Project name: Wound Care Clinic Expansion

Proponent: DLP Maria Parham Medical Center, LLC

A. Site Costs		
(1) Full purchase price of land _____ Acres at \$ _____ per acre		
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(8) Cost of Building construction General requirements Concrete/masonry Woods/doors/windows finishes Thermal & moisture protection Equipment and specialty items Oxygen ParkAccelecare Mechanical/electrical/plumbing Other: () Sub-total materials and labor	850,000 65,941	\$915,941
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(15) Landscaping	
(13) Consultant fees:	
Architect and engineering shielding design	130,850
Certificate of need prep	
Legal fees	
Market analysis	
Other (Physics Commissioning)	
Sub-Total Consultant Fees	
(14) Financing costs (e.g. bond, loan, etc.)	
(15) Interest during construction	7,200
(16) Other (Contingency)	35,000
(17) Sub-Total Miscellaneous	299,050
(18) TOTAL CAPITAL COST OF PROJECT	<u>\$1,217,991</u>

I assure that, to the best of my knowledge, the above capital costs for the proposed project are complete and correct and that it is my intent to carry out the proposed project as described.


 Timothy Harckrode
 Chief Operating Officer

Date 8-12-15