



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

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Mark Payne
Assistant Secretary for Audit and
Health Service Regulation

August 4, 2016

John H. Gizdic
2131 South 17th Street
Wilmington, NC 28402

Exempt from Review

Record #: 1971
Facility Name: New Hanover Regional Medical Center
FID #: 943372
Business Name: New Hanover Regional Medical Center
Business #: 1308
Project Description: Renovate 4,300 square feet of space in the main hospital and relocate four existing gastrointestinal endoscopy procedure rooms
County: New Hanover

Dear Mr. Gizdic:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter dated June 15, 2016 and received in our office on June 20, 2016; and on the supplemental information received via email on July 11, 2016, the above referenced proposal is exempt from certificate of need review in accordance with G.S. 131E-184(g). Therefore, you may proceed to offer, develop or establish the above referenced project without a certificate of need.

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 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 Agency. Changes in a project include, but are not limited to: (1) increases in



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

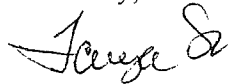
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the capital cost; (2) acquisition of medical equipment not included in the original cost estimate; (3) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.

If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,



Tanya S. Rupp
Project Analyst



Martha J. Frisone, Assistant Chief
Certificate of Need

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

Rupp, Tanya

From: David Legarth <dlegarth@nc.rr.com>
Sent: Monday, July 11, 2016 4:16 PM
To: Rupp, Tanya
Subject: NHRMC - Requested Information
Attachments: Superimposed Floors.pdf; NHRMC Requested Information .pdf

Hi Tanya,

Attached please find the additional information requested concerning NHRMC's Letter of CON Exemption Letter.

David Legarth

Senior Consultant



Mail Address:
PO Box 1936
Apex, NC 27502

FedEx/UPS Address:
108 Curley Maple Court
Apex, NC 27502

Phone:
919-244-7609

July 11, 2016

Ms. Tanya S. Rupp, Project Analyst
Division of Health Service Regulation
Healthcare Planning and Certificate of Need Section
NC Department of Health and Human Services
2704 Mail Service Center
Raleigh, North Carolina 27699-2704

RE: Information Request - Exemption to CON Review for Renovations at New Hanover Regional Medical Center / New Hanover County

Dear Ms. Rupp,

In response to your Information Request concerning the planned renovation at New Hanover Regional Medical Center ("NHRMC") provides the following information:

Requested Information

1. **Documentation that financial control of the entire licensed health service facility is exercised at the site of the proposed renovations or construction.**

The office of the Chief Financial Officer is located on the 2nd floor of NHRMC, which is directly above the area that will be renovated to accommodate the proposed GI endoscopy service. As such, financial control of the entire licensed health service facility is exercised within the same building on the NHRMC campus where the project's hospital renovations are proposed.

2. **Documentation that administrative control of the entire licensed health service facility is exercised at the site of the proposed renovations or construction.**

The office of the Chief Administrative Officer is located on the 2nd floor of NHRMC, which is directly above the area that will be renovated to accommodate the proposed GI endoscopy service. As such, administrative control of the entire licensed health service facility is exercised within the same building on the NHRMC campus where the project's hospital renovations are proposed.

The attached floorplan shows the 2nd floor in red superimposed on the 1st floor.

If you require additional information concerning this request, please contact me at 919-244-7609.

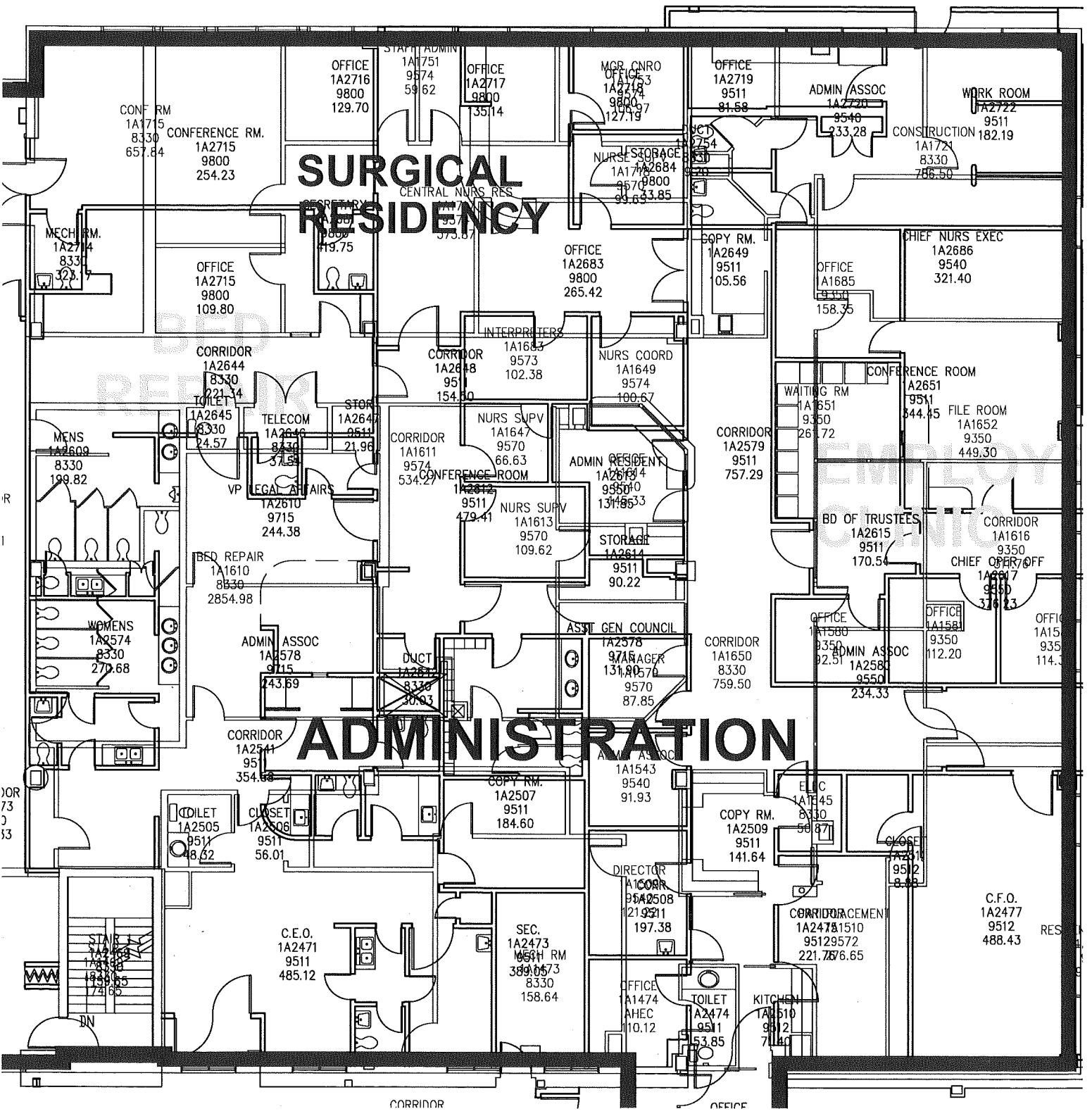
Sincerely,

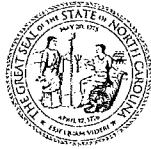


David S. Legarth
Consultant for New Hanover Regional Medical Center

SURGICAL RESIDENCY

ADMINISTRATION





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

Pat McCrory
Governor

Richard O. Brajer
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Mark Payne
Assistant Secretary for Audit and
Health Service Regulation

June 23, 2016

John H. Gizdic
2131 South 17th Street
Wilmington, NC 28402

Information Request for Exemption Pursuant to G.S. 131E-184(g)

Facility: New Hanover Regional Medical Center
Project Description: Renovate 4,300 square feet of space in the main hospital and relocate four existing gastrointestinal endoscopy procedure rooms
County: New Hanover
FID #: 943372

Dear Mr. Gizdic:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter dated June 15, 2016 regarding the above reference proposal. However, the Agency needs additional information to determine if the project is exempt from review pursuant to G.S. 131E-184(g).

Provide a written response to each of the following.

1. Documentation that financial control of the entire licensed health service facility is exercised at the site of the proposed renovations or construction.
2. Documentation that administrative control of the entire licensed health service facility is exercised at the site of the proposed renovations or construction.

If you have any questions concerning this request, please do not hesitate to call this office.

Sincerely,

Tanya S. Rupp
Project Analyst, Certificate of Need



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

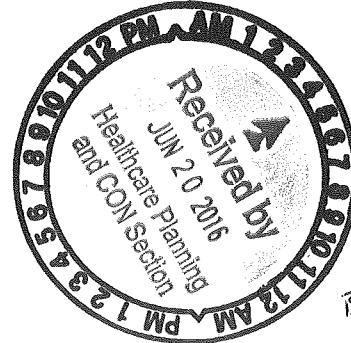
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June 15, 2016

Ms. Martha Frisone, Assistant Chief
Division of Health Service Regulation
Healthcare Planning and Certificate of Need Section
NC Department of Health and Human Services
2704 Mail Service Center
Raleigh, North Carolina 27699-2704



RE: Request for Exemption to CON Review for Renovations at New Hanover Regional Medical Center
/ New Hanover County

Dear Ms. Frisone,

Pursuant to 10A NCAC 14C.0202, New Hanover Regional Medical Center ("NHRMC") intends to renovate 4,300 SF within its existing health service facility at a total project cost of \$3.5 million and requests a determination that such related capital expenditure is exempt from review because the related capital expenditure falls within the definition of NCGS § 131E-184(g). The project will include the moving of four existing GI endoscopy rooms currently located in the Surgical Pavilion within NHRMC into renovated space adjacent to the Surgical Pavilion. The space to be renovated is currently utilized as bed repair and miscellaneous offices.

Exemption from Review

Pursuant to NCGS § 131E-184(g): The Department shall exempt from certificate of need review any capital expenditure that exceeds the two million dollar (\$2,000,000) threshold set forth in G.S. 131E-176(16)b. if all of the following conditions are met:

- (1) The sole purpose of the capital expenditure is to renovate, replace on the same site, or expand the entirety or a portion of an existing health service facility that is located on the main campus.
- (2) The capital expenditure does not result in (i) a change in bed capacity as defined in G.S. 131E-176(5) or (ii) the addition of a health service facility or any other new institutional health service other than that allowed in G.S. 131E-176(16)b.
- (3) The licensed health service facility proposing to incur the capital expenditure shall provide prior written notice to the Department, along with supporting documentation to demonstrate that it meets the exemption criteria of this subsection.

The NHRMC proposed capital expenditure does not result in the addition of a health service facility or any other new institutional health service other than that allowed in G.S. 131E-176(16)b.

G.S. 131E-176(16)b. - "New institutional health services" means:

a. The construction, development, or other establishment of a new health service facility.

NHRMC does not propose the construction, development, or other establishment of a new health service facility.

b. Except as otherwise provided in G.S. 131E-184(e), the obligation by any person of a capital expenditure exceeding two million dollars (\$2,000,000) to develop or expand a health service or a health service facility, or which relates to the provision of a health service. The cost of any studies, surveys, designs, plans, working drawings, specifications, and other activities, including staff effort and consulting and other services, essential to the acquisition, improvement, expansion, or replacement of any plant or equipment with respect to which an expenditure is made shall be included in determining if the expenditure exceeds two million dollars (\$2,000,000).

NHRMC proposed project exceeds two million dollars (\$2,000,000); however NHRMC is submitting this Exemption from CON Review Pursuant to NCGS § 131E-184(g).

c. Any change in bed capacity as defined in G.S. 131E-176(5).

NHRMC does not propose any change in bed capacity as defined in G.S. 131E-176(5).

d. The offering of dialysis services or home health services by or on behalf of a health service facility if those services were not offered within the previous 12 months by or on behalf of the facility.

NHRMC does not propose the offering of dialysis services or home health services by or on behalf of a health service facility.

e. A change in a project that was subject to certificate of need review and for which a certificate of need was issued, if the change is proposed during the development of the project or within one year after the project was completed. For purposes of this subdivision, a change in a project is a change of more than fifteen percent (15%) of the approved capital expenditure amount or the addition of a health service that is to be located in the facility, or portion thereof, that was constructed or developed in the project.

NHRMC does not propose a change in a project that was subject to certificate of need review and for which a certificate of need was issued.

Compliance

NHRMC hereby certifies that:

- 1. The sole purpose of the capital expenditure is to renovate, replace on the same site, or expand the entirety or a portion of an existing health service facility that is located on the main campus.**

NHRMC intends to renovate 4,300 SF within its existing health service facility at a total project cost of \$3.0 million. The project will include the relocation of four existing GI endoscopy rooms currently located in the Surgical Pavilion within NHRMC into renovated space adjacent to the Surgical Pavilion.

Please refer to Attachment A for a map indicating the location with NHRMC, the existing health service facility that is located on the main campus.

- 2. The capital expenditure does not result in (i) a change in bed capacity as defined in G.S. 131E-176(5) or (ii) the addition of a health service facility or any other new institutional health service other than that allowed in G.S. 131E-176(16)b.**

The NHRMC proposed capital expenditure does not result in a change in bed capacity as defined in G.S. 131E-176(5).

G.S. 131E-176(5) - "Change in bed capacity" means:

- (i) any relocation of health service facility beds, or dialysis stations from one licensed facility or campus to another, or**

NHRMC does not propose the relocation of health service facility beds, or dialysis stations from one licensed facility or campus to another.

- (ii) any redistribution of health service facility bed capacity among the categories of health service facility bed as defined in G.S. 131E-176(9c), or**

NHRMC does not propose the redistribution of health service facility bed capacity among the categories of health service facility bed as defined in G.S. 131E-176(9c).

- (iii) any increase in the number of health service facility beds, or dialysis stations in kidney disease treatment centers, including freestanding dialysis units.**

NHRMC does not propose any increase in the number of health service facility beds, or dialysis stations in kidney disease treatment centers, including freestanding dialysis units.

f. The development or offering of a health service as listed in this subdivision by or on behalf of any person:

- 1. Bone marrow transplantation services.**
- 2. Burn intensive care services.**
- 2a. Cardiac catheterization services, except cardiac catheterization services provided on equipment furnished by a person authorized to operate such equipment in North Carolina pursuant to either a certificate of need issued for mobile cardiac catheterization equipment or a settlement agreement executed by the Department for provision of cardiac catheterization services.**
- 3. Neonatal intensive care services.**
- 4. Open-heart surgery services.**
- 5. Solid organ transplantation services.**

NHRMC does not propose the development or offering of bone marrow transplantations services, burn intensive care services, cardiac catheterization services, neonatal intensive care services, open-heart surgery services, or solid organ transplantation services.

f1. The acquisition by purchase, donation, lease, transfer, or comparable arrangement of any of the following equipment by or on behalf of any person:

- 1. Air ambulance.**
- 2. Repealed by Session Laws 2005-325, s. 1, effective for hospices and hospice offices December 31, 2005.**
- 3. Cardiac catheterization equipment.**
- 4. Gamma knife.**
- 5. Heart-lung bypass machine.**
- 5a. Linear accelerator.**
- 6. Lithotripter.**
- 7. Magnetic resonance imaging scanner.**
- 8. Positron emission tomography scanner.**
- 9. Simulator.**

NHRMC does not propose the acquisition by purchase, donation, lease, transfer, or comparable arrangement an air ambulance, cardiac catheterization equipment, gamma knife, heart-lung bypass machine, linear accelerator, lithotripter, MRI scanner, PET scanner, or simulator.

g. to k. Repealed by Session Laws 1987, c. 511, s. 1.

l. The purchase, lease, or acquisition of any health service facility, or portion thereof, or a controlling interest in the health service facility or portion thereof, if the health service facility was developed under a certificate of need issued pursuant to G.S. 131E-180.

NHRMC does not propose the purchase, lease, or acquisition of any health service facility, or portion thereof, or a controlling interest in the health service facility or portion thereof.

m. Any conversion of non-health service facility beds to health service facility beds.

NHRMC does not propose any conversion of non-health service facility beds to health service facility beds.

n. The construction, development or other establishment of a hospice, hospice inpatient facility, or hospice residential care facility;

NHRMC does not propose the construction, development or other establishment of a hospice, hospice inpatient facility, or hospice residential care facility.

o. The opening of an additional office by an existing home health agency or hospice within its service area as defined by rules adopted by the Department; or the opening of any office by an existing home health agency or hospice outside its service area as defined by rules adopted by the Department.

NHRMC does not propose the opening of an additional office by an existing home health agency or hospice within its service area.

p. The acquisition by purchase, donation, lease, transfer, or comparable arrangement by any person of major medical equipment.

NHRMC does not propose the acquisition by purchase, donation, lease, transfer, or comparable arrangement by any person of major medical equipment.

q. The relocation of a health service facility from one service area to another.

NHRMC does not propose the relocation of a health service facility from one service area to another.

r. The conversion of a specialty ambulatory surgical program to a multispecialty ambulatory surgical program or the addition of a specialty to a specialty ambulatory surgical program.

NHRMC does not propose the conversion of a specialty ambulatory surgical program to a multispecialty ambulatory surgical program or the addition of a specialty to a specialty ambulatory surgical program.

s. The furnishing of mobile medical equipment to any person to provide health services in North Carolina, which was not in use in North Carolina prior to the adoption of this provision, if such equipment would otherwise be subject to review in accordance with G.S. 131E-176(16)(f1.) or G.S. 131E-176(16)(p) if it had been acquired in North Carolina.

NHRMC does not propose the furnishing of mobile medical equipment to any person to provide health services in North Carolina.

t. Repealed by Session Laws 2001-242, s. 4, effective June 23, 2001.

u. The construction, development, establishment, increase in the number, or relocation of an operating room or gastrointestinal endoscopy room in a licensed health service facility, other than the relocation of an operating room or gastrointestinal endoscopy room within the same building or on the same grounds or to grounds not separated by more than a public right-of-way adjacent to the grounds where the operating room or gastrointestinal endoscopy room is currently located.

NHRMC proposes the relocation of a gastrointestinal endoscopy room within the same building.

v. The change in designation, in a licensed health service facility, of an operating room to a gastrointestinal endoscopy room or change in designation of a gastrointestinal endoscopy room to an operating room that results in a different number of each type of room than is reflected on the health service facility's license in effect as of January 1, 2005.

NHRMC does not propose the change in designation, in a licensed health service facility, of an operating room to a gastrointestinal endoscopy room or change in designation of a gastrointestinal endoscopy room to an operating room.

3. The licensed health service facility proposing to incur the capital expenditure shall provide prior written notice to the Department, along with supporting documentation to demonstrate that it meets the exemption criteria of this subsection.

NHRMC requests that the Division of Health Service Regulation make a determination that the capital expenditures related to relocation of four existing GI endoscopy rooms currently located in the Surgical Pavilion within NHRMC into renovated space adjacent to the Surgical Pavilion is exempt from review because the related capital expenditures fall within the definition of NCGS § 131E-184(g).

If you require additional information concerning this request, please contact me at 910-667-7000.

Sincerely,



John Gizdic
Chief Operating Officer

Attachment A - Floor Plans

