



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

Pat McCrory  
Governor

Richard O. Brajer  
Secretary DHHS

Mark Payne, Director  
Health Service Regulation

October 13, 2016

Renee J. Montgomery, Partner  
Parker Poe  
PO Box 389  
Raleigh, NC 27602-0389

**Exempt from Review**

**Record #:** 2075  
**Facility Name:** Wilson Medical Center  
**FID #:** 923569  
**Project Description:** Convert one licensed acute care bed to a licensed adult psychiatric bed  
**County:** Wilson

Dear Ms. Montgomery:


The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of October 11, 2016, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(c). 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 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,

  
Jane Rhoe-Jones  
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



**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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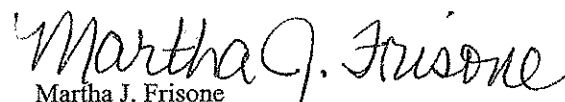
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Paige Bennett, Assistant Chief, Healthcare Planning, DHSR



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Atlanta, GA  
Charleston, SC  
Charlotte, NC  
Columbia, SC  
Greenville, SC  
Raleigh, NC  
Spartanburg, SC

October 11, 2016

Via Email ([Martha.Frisone@dhhs.nc.gov](mailto:Martha.Frisone@dhhs.nc.gov)) and U.S. Mail

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

Re: *Wilson Medical Center Exemption Request*

Dear Ms. Frisone:

We represent DLP Wilson Medical Center, LLC d/b/a Wilson Medical Center (“Wilson Medical Center”). Wilson Medical Center currently is licensed for 271 acute care beds and 23 adult psychiatric beds. Wilson Medical Center is located within the area served by Eastpointe LME/MCO.

Wilson Medical Center intends to convert one of its acute care beds to an adult psychiatric bed so that following this conversion, Wilson Medical Center will have 270 licensed acute care beds and 24 licensed adult psychiatric beds. We request that the Department exempt this bed conversion from Certificate of Need review pursuant to the provisions of N.C. Gen. Stat. § 131E-184(c).

We have included a Memorandum of Agreement between Eastpointe Human Services LME/MCO and DLP Wilson Medical Center, LLC. The Memorandum of Agreement commits Wilson Medical Center to provide at least one psychiatric bed for enrollees referred by Eastpointe for inpatient psychiatric services. This Agreement meets the conditions of the exemption provided in N.C. Gen. Stat. § 131E-184(c).

Wilson Medical Center’s 23 licensed psychiatric beds were not developed pursuant to the conversion exemption allowed under the Certificate of Need law. For your information, we also are enclosing page G-19 from the 1987 State Medical Facilities Plan showing that in August of 1986, Wilson Memorial Hospital was licensed for 23 psychiatric beds. N.C. Gen. Stat. § 131E-184 was amended during the 1987 Session of the General Assembly to allow the exemption for the conversion of acute care beds to psychiatric beds that exists under current Certificate of Need

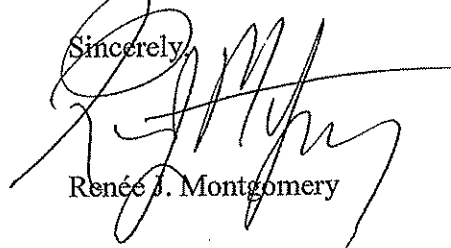
Ms. Martha Frisone  
October 11, 2016  
Page 2

law. See pp. 1 and 17-18 of House Bill 1052 which appears in the Appendix to the 1988 State Medical Facilities Plan.

We would appreciate your confirmation that Wilson Medical Center can convert one acute care bed to one adult psychiatric bed without obtaining a Certificate of Need. Please let us know if you have any questions.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Renée J. Montgomery". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Renée J. Montgomery

RJM:klb

cc: William Caldwell, Chief Executive Officer  
Wilson Medical Center

**MEMORANDUM OF AGREEMENT (MOA) BETWEEN  
EASTPOINTE HUMAN SERVICES AND DLP WILSON MEDICAL CENTER, LLC**

This MOA is entered between Eastpointe Human Services LME/MCO ("Eastpointe") and DLP Wilson Medical Center, LLC d/b/a Wilson Medical Center ("Wilson Medical Center") (collectively the "Parties").

WHEREAS, Wilson Medical Center is currently licensed for twenty-three (23) acute psychiatric beds and is interested in converting one (1) of its existing acute care beds to psychiatric so that it will have a total of twenty-four (24) licensed psychiatric beds;

WHEREAS, under N.C. Gen. Stat. § 131E-184(c), Wilson Medical Center's plan to convert one (1) acute care bed to a psychiatric bed will be exempt from Certificate of Need ("CON") review if it has a contract with an LME/MCO to provide at least one (1) psychiatric bed to patients referred by an LME/MCO;

WHEREAS, Eastpointe is interested in having at least one (1) psychiatric beds available at Wilson Medical Center for patients that it refers and is willing to enter this MOA with Wilson Medical Center to allow Wilson Medical Center to obtain the exemption from CON review described above;

THEREFORE, Wilson Medical Center agrees that it will provide at least one psychiatric bed for enrollees referred by Eastpointe for inpatient psychiatric services.

This MOA is effective on the last date indicated by the signatures below.

**DLP WILSON MEDICAL CENTER, LLC d/b/a WILSON MEDICAL CENTER**

  
\_\_\_\_\_  
William Caldwell, Chief Executive Officer

10/14/16  
Date

**EASTPOINTE HUMAN SERVICES LME/MCO**

  
\_\_\_\_\_  
Sarah Stroud, Chief Executive Officer

10/16/16  
Date

HSA VI  
 INVENTORY OF PSYCHIATRIC BEDS  
 August, 1986  
 (Excludes Chemical Dependency Beds)

	<u>County of Location</u>	<u>Existing Beds</u>	<u>Approved Change</u>	<u>Potentially Available</u>
<b>State Psychiatric Hospitals</b>				
Number beds used by residents of HSA VI		71	-18	53
<b>Other Freestanding Psychiatric Hospitals</b>				
Brynn Marr Treatment Center	Onslow	52		52
<b>General Hospitals - Designated Units</b>				
Craven County Hospital	Craven	24		24
Duplin General Hospital	Duplin	12		12
Halifax Memorial Hospital	Halifax	20		20
Lenoir Memorial Hospital*	Lenoir		18	18
Nash General Hospital	Nash	20		20
Community Hospital/Rocky Mount	Nash		26	26
Pitt County Memorial Hospital	Pitt	36	16	52
Wayne County Memorial Hospital	Wayne	50		50
Wilson Memorial Hospital	Wilson	23		23
<b>TOTAL PSYCHIATRIC BEDS</b>		<b>308</b>	<b>42</b>	<b>350</b>
<b>Beds Designated as Child/Adolescent*</b>				
State Psychiatric Hospitals		2		2
Brynn Marr Treatment Center	Onslow	27		27
Pitt County Hospital	Pitt	0	10	10
Wayne County Memorial Hospital	Wayne	15		15
<b>TOTAL CHILD/ADOLESCENT PSYCHIATRIC BEDS*</b>		<b>44</b>	<b>10</b>	<b>54</b>

\* 18 Beds were approved for transfer from State institutions.  
 \*\* Included in Total Psychiatric Beds listed above.

GENERAL ASSEMBLY OF NORTH CAROLINA  
1987 SESSION  
RATIFIED BILL

CHAPTER 511  
HOUSE BILL 1052

AN ACT TO AMEND THE CERTIFICATE OF NEED LAW.

The General Assembly of North Carolina enacts:

Section 1. Article 9 of Chapter 131E of the General Statutes reads as rewritten:

"ARTICLE 9.  
"Certificate of Need.

"§ 131E-175. Findings of fact.--The General Assembly of North Carolina makes the following findings:

(1) ~~That, because of the manner in which health care is financed, the forces of free market competition are largely absent and that government regulation is therefore necessary to control the cost, utilization, and distribution of health services. That the financing of health care, particularly the reimbursement of health services rendered by health service facilities, limits the effect of free market competition and government regulation is therefore necessary to control costs, utilization, and distribution of new health service facilities and the bed complements of these health service facilities.~~

(2) ~~That the continuously increasing cost of health care services offered through health service facilities threatens the health and welfare of the citizens of this State in that citizens need assurance of economical and readily available health care.~~

(3) ~~That the current system of planning for health care facilities and equipment has led to the proliferation of new inpatient acute care facilities and medical equipment beyond the need of many localities in this State and an inadequate supply of health personnel and of resources for long term, intermediate, and ambulatory care in many localities. That, if left to the market place to allocate health service facilities and health care services, geographical maldistribution of these facilities and services would occur and, further, less than equal access to all population groups, especially those that have traditionally been medically underserved, would result.~~

(4) ~~That this trend of the proliferation of unnecessary health care service facilities and equipment results in costly duplication and underuse of facilities, with the availability of excess capacity leading to unnecessary use of expensive resources and overutilization of acute care hospital health care services by physicians.~~

(5) ~~That a certificate of need law is required by Title XV of the Public Health Service Act as a condition for receipt of federal funds. If these funds were withdrawn the State of North Carolina would lose in excess of fifty-five million dollars (\$55,000,000).~~

(6) ~~That excess capacity of health service facilities places an enormous economic burden on the public who pay for the construction and operation of these facilities as patients, health insurance subscribers, health plan contributors, and taxpayers.~~

- (18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.
- ~~(19) In the case of proposed health services or facilities, the efficiency and appropriateness of the use of existing, similar services and facilities;~~
- ~~(20) In the case of existing services or facilities, the quality of care provided in the past. An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.~~
- ~~(21) When an application is made by an osteopathic or allopathic facility for a certificate of need to construct, expand, or modernize a health care facility, acquire major medical equipment, or add services, the need for that construction, expansion, modernization, acquisition of equipment, or addition of services shall be considered on the bases of the need for and availability in the community of services and facilities for osteopathic and allopathic physicians and their patients. The Department shall consider the application in terms of its impact on existing and proposed institutional training programs for doctors of osteopathy and medicine at the student, internship, and residency training levels.~~

~~(b) Criteria adopted for reviews in accordance with subsection (a) of this section may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed.~~

~~(c) (See Editor's Note for Applicability and Effective Date). In reviewing applications for skilled nursing facilities or intermediate care facilities to be provided within a "life care" or "care for life" institution, the determination of need for beds shall not include a relationship of the proposed project to the need for such services specified in the State Medical Facilities Plan or State Health Plan provided that (i) the use of the proposed facilities is to be limited to resident members of the "life care" or "care for life" institution, (ii) the facilities are not to be certified for participation in either the Medicare or Medicaid programs, (iii) the ratio of skilled nursing facility beds and intermediate care facility beds to domiciliary and other residential arrangements shall not exceed one to three, and (iv) the facilities are to be developed after residential housing has been established or be developed as a part of a total housing construction program which shall result in the complex being one inseparable project. Facilities developed under this provision shall not alter the need for nursing home beds for the general population that exists now or at any time in the future.~~

~~"§ 131E-184. Required approvals Exemptions from review.--(a) Except as provided in subsection (b), the Department shall issue a exempt from certificate of need review for a proposed capital expenditure if it receives notice from the entity proposing to make the capital expenditure, which notice includes an explanation of why the expenditure is required:~~



- (1) ~~The capital expenditure is required (i) to To eliminate or prevent imminent safety hazards as defined in federal, State, or local fire, building, or life safety codes or regulations; or (ii) to ;~~  
 (1a) To comply with State licensure standards; or (iii) to ;  
 (1b) To comply with accreditation or certification standards which must be met to receive reimbursement under Title XVIII of the Social Security Act or payments under a State plan for medical assistance approved under Title XIX of that act; and  
 (2) ~~The Department determines that (i) the facility or services for which the capital expenditure is proposed is needed; and (ii) the obligation of the capital expenditure is consistent with the State Health Plan. Even though the proposal is inconsistent with the State Health Plan, the Department may issue a certificate of need if emergency circumstances pose an imminent threat to public health.~~  
 (3) To provide data processing equipment;  
 (4) To provide parking, heating or cooling systems, elevators, or other basic plant or mechanical improvements, unless these activities are integral portions of a project that involves the construction of a new health service facility or portion thereof and that is subject to certificate of need review; or  
 (5) To replace or repair facilities destroyed or damaged by accident or natural disaster.

(b) ~~Those portions of a proposed project which are not to eliminate or prevent safety hazards or to comply with certain licensure, certification, or accreditation standards proposed for one or more of the purposes under subsection (a) of this section are subject to review under the criteria developed under G.S. 131E-183 certificate of need review, if these non-exempt portions of the project are new institutional health services under G.S. 131E-176(16).~~

(c) The Department shall exempt from certificate of need review any conversion of existing acute care beds to psychiatric beds provided:

- (1) The hospital proposing the conversion has executed a contract with the Department's Division of Mental Health, Mental Retardation, and Substance Abuse Services and/or one or more of the Area Mental Health, Mental Retardation, and Substance Abuse Authorities to provide psychiatric beds to patients referred by the contracting agency or agencies; and  
 (2) The total number of beds to be converted shall not be more than twice the number of beds for which the contract pursuant to subdivision (1) of this subsection shall provide.

**"§ 131E-185. Review process.** ~~(a) Except as provided in subsection (c) of this section there shall be a time limit of 90 days for review of the project beginning on the day the Department declares the application "complete for review," as established by departmental regulations.~~

- (1) ~~The appropriate health systems agency or agencies shall have 60 days to review each application as to consistency with duty adopted plans, standards, and criteria. Following the review the health systems agency shall submit to the Department its comments and recommendations. The comments may include a recommendation to approve the application, to approve the application with conditions, to defer the application, or to deny the application. Suggested modifications, if any, shall relate directly to the project under review.~~