



DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

MARK PAYNE
DIRECTOR

March 14, 2017

Dee Jay Zerman, Director of Regulatory Planning
UNC Health Care System
James T. Hedrick Building
211 Friday Center Drive, Suite G015
Chapel Hill NC 27517

Exempt from Review

Record #: 2190
Facility Name: Rex Hospital
FID #: 953429
Project Description: Renovation of the emergency department
County: Wake

Dear Ms. Zerman:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of March 10, 2017, the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §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 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.

HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION

WWW.NCDHHS.GOV

TELEPHONE 919-855-3873

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

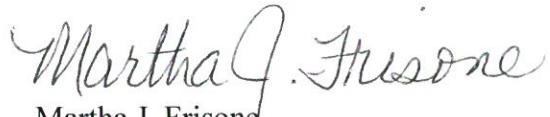


If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,



Michael J. McKillip
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



Hedrick Building
211 Friday Center Drive, Suite G015
Chapel Hill, NC 27517

March 10, 2017

Michael J. McKillip, Project Analyst
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation, DHHS
Mail Service Center 2704
Raleigh, NC 27699-2704



RE: Notification of Exemption / Renovation of space to expand Emergency Department Observation Unit pursuant to NCGS § 131E-184(g) / Rex Hospital / Wake County

Dear Mr. McKillip:

Rex Hospital is planning to renovate space to expand the emergency department observation unit for use by non-admitted patients awaiting transfer to a behavioral health facility. The project involves the renovation of the space that was vacated by the Cardiac Catheterization Procedure Recovery area that recently relocated into the recently opened NC Heart & Vascular Hospital. The number of inpatient patient beds will not change as a result of this renovation. This renovation will allow us to better accommodate the needs of behavioral health patients.

Rex Hospital is requesting confirmation that this renovation is exempt from review pursuant to NCGS §131E-184(g).

NCGS §131E-184(g) provides that *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 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.*

(1) Purpose: The project involves the renovation of the recently vacated cardiac catheterization procedure recovery area so that the space can be used for an Emergency Department expansion specifically for observation of non-admitted patients awaiting transfer to a

behavioral health facility. The number of inpatient patient beds will not change as a result of this renovation. This renovation will allow us to better accommodate the needs of behavioral health patients. The cost of the renovation including minor equipment and furniture is expected to be \$2,635,986. A certified cost estimate is contained in Exhibit 1. The existing floor plan, proposed final floor plan and a key plan identifying the location of the ED Observation expansion on the main campus are included in Exhibit 2.

(1) Main Campus: NCGS §131E-176(14n) defines "Main Campus" as the site of the main building from which a licensed health service facility provides clinical patient services and exercises financial and administrative control over the entire facility, including the building and grounds adjacent to the main building."

The proposed project involves renovating a portion of the 2nd floor of Rex Hospital to expand the emergency department observation service. A key plan included in Exhibit 2 reflects the location within the main hospital building. The building's address is 4420 Lake Boone Trail, Raleigh, NC 27607. The space to be renovated is physically inside the main hospital building and shares the same physical address as Rex Hospital. Financial and administrative control is provided in offices physically located on the medical office building accessed through Level 2 and directly connected to the main hospital buildings. The locations of the financial officer and administrative officer are indicated on the maps contained in Exhibit 3. Rex Hospital is a licensed health service facility (DHSR Acute Care License No. H0065).

(2) New Institutional Health Service: The renovation project will not result in a change of bed capacity, 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. No major medical equipment is included in this project. Exhibit 1 also identifies the costs for the project.

(3) Prior Written Notice: This request shall serve of prior written notice of this activity.

Please do not hesitate to contact me at 984-974-1243 if you have any questions or need further information. Thank you for your prompt consideration of this matter.

Sincerely,



Dee Jay Zerman, System Director
Regulatory Planning
UNC HCS

Effective January 01, 2017, this license is issued to

Rex Hospital, Inc.

to operate a hospital known as

Rex Hospital

located in Raleigh, North Carolina, Wake 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: 953429

License Number: H0065

Bed Capacity: 553

General Acute 433,

Nursing: 120

Dedicated Inpatient Surgical Operating Rooms: 3

Dedicated Ambulatory Surgical Operating Rooms: 3

Shared Surgical Operating Rooms: 24

Dedicated Endoscopy Rooms: 4

EXHIBIT 1

WHR ARCHITECTS

whrarchitects.com

WHR Design PC
811 West Hargett Street
Raleigh, NC 27603

T 919 833 8818

March 8, 2017

Charlie Alston, PMP
Project Manager
REX Hospital
4420 Lake Boone Trail
Raleigh, NC 27607

RE: UNC REX Healthcare – ED Observation

Dear Mr. Alston:

The total estimated project cost for the work to the done under the proposed project is \$2,635,986. The following is the breakdown of the costs:

- Construction Cost: \$1,532,550.
- Architect and Engineering Fee: \$183,906.
- Furniture, Fixtures and Equipment: \$306,510.
- Other: \$306,510
- Contingency: \$306, 510

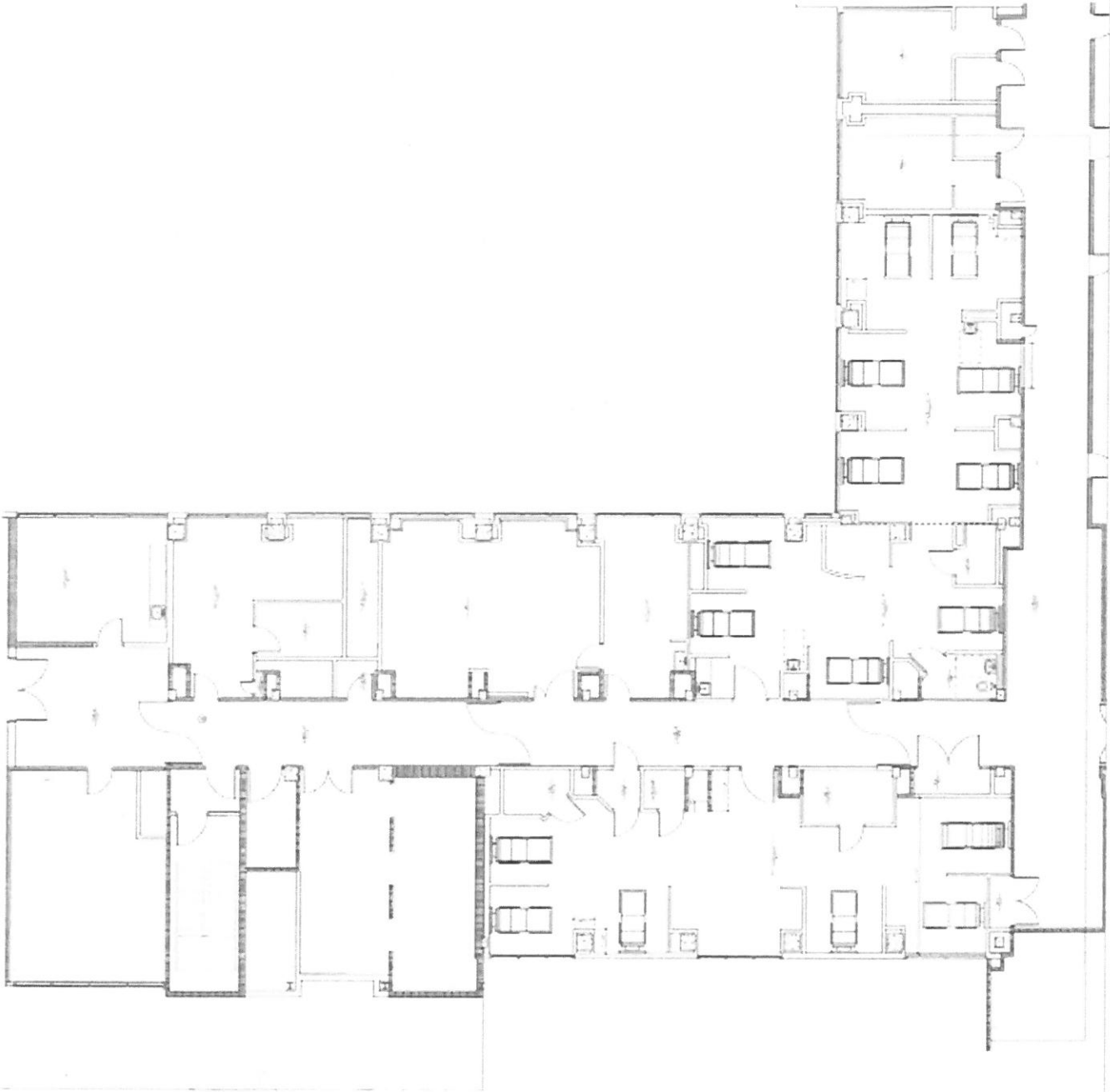
Sincerely,

WHR Design PC



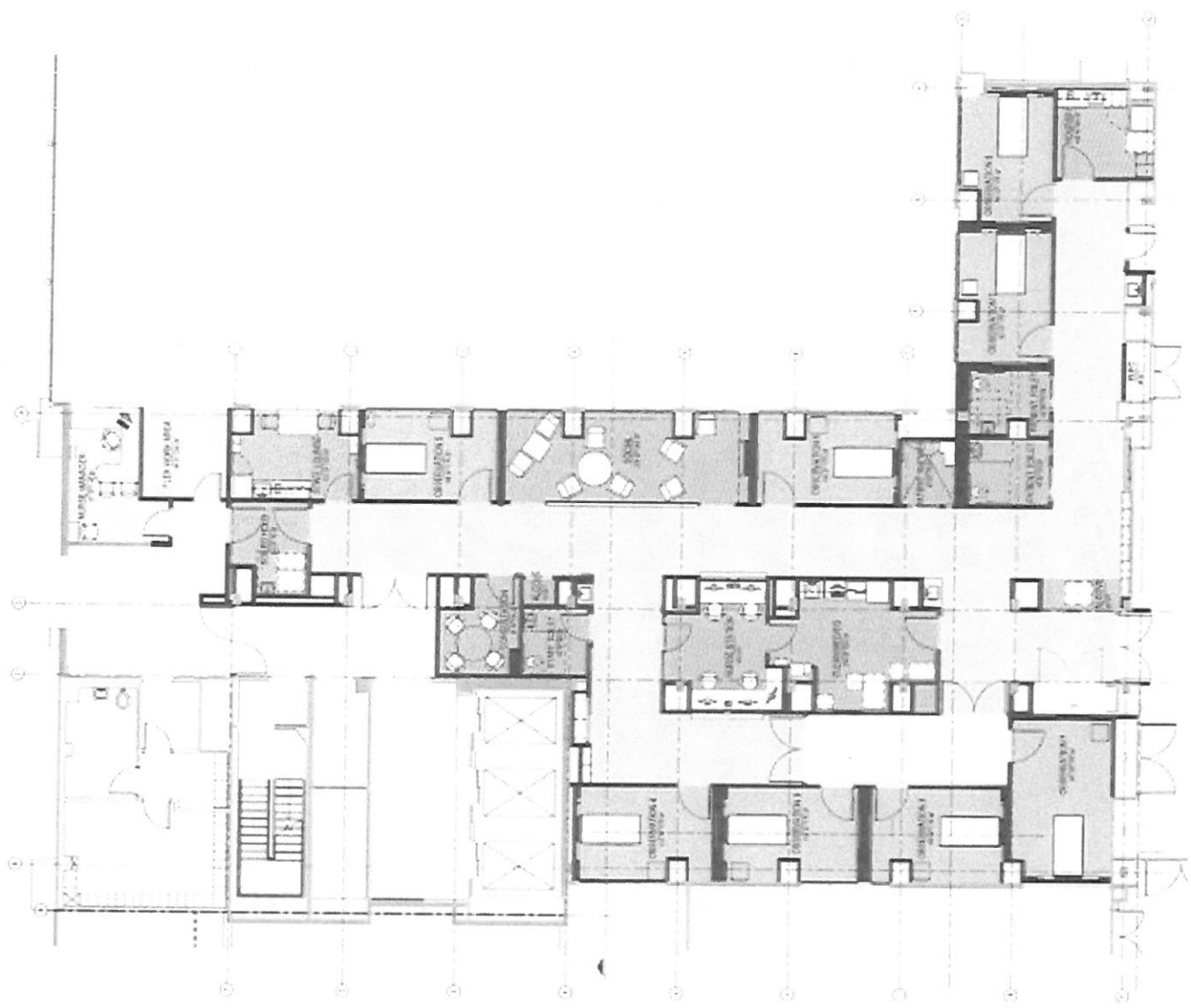
Michelle McNutt, AIA, ACHA, LEED AP
Principal





REX
FD OBSERVATION UNIT

A 031 EXISTING FLOOR PLAN
DATE: 11/11/11
SCALE: 1/8" = 1'-0"



1. 1/2" = 1'-0"
 2. FINISH FLOOR
 3. FINISH CEILING
 4. FINISH WALL

AS02 ED OBSERVATION
 DATE: 11/11/11
 DRAWN BY: [Name]

IREX
 ED OBSERVATION UNIT

