



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER  
GOVERNOR

MANDY COHEN, MD, MPH  
SECRETARY

MARK PAYNE  
DIRECTOR

September 27, 2017

Elizabeth V. Kirkman  
2709 Water Ridge Parkway  
Suite 200  
Charlotte, NC 28217

**Exempt from Review**

**Record #:** 2405  
**Facility Name:** Carolinas HealthCare System Union  
**FID #:** 923515  
**Business Name:** The Charlotte-Mecklenburg Hospital Authority  
**Business #:** 1770  
**Project Description:** Renovate Third and Fourth Floors  
**County:** Union

Dear Ms. Kirkman:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of September 19, 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 Section 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



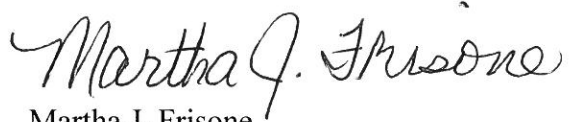
Elizabeth V. Kirkman  
September 27, 2017  
Page 2

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

Sincerely,



Gregory F. Yakaboski  
Project Analyst



Martha J. Frisone  
Martha J. Frisone  
Chief, Healthcare Planning and  
Certificate of Need Section

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



Carolinan HealthCare System

September 19, 2017

Ms. Martha Frisone, Chief  
Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
809 Ruggles Drive  
Raleigh, NC 27603



**RE: Request for Exemption from Review to Renovate the Third and Fourth Floor at The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas HealthCare System Union ("CHS Union")**

Dear Ms. Frisone:

I am writing to inform you of Carolinas HealthCare System Union's plan to renovate the third and fourth floor.

Pursuant to N.C.G.S. 131E-184(g), "[t]he 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 any 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 written notice to the Department along with support documentation to demonstrate that it meets the exemption criteria of this subsection."*

N.C.G.S. 131E-176(14n) states "'Main campus' means all of the following for the purposes of G.S. 131E-184(f) and (g) only:

- a. *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 buildings and grounds adjacent to that main building.*
- b. *Other areas and structures that are not strictly contiguous to the main building but are located within 250 yards of the main building."*

The CHS Union third and fourth floor renovation project meets each of the applicable conditions set forth above. The estimated total capital cost of the project exceeds \$2,000,000

(see Attachment A for a capital cost worksheet and certified construction cost estimate). The proposed project involves the renovation of an existing health service facility located at 600 Hospital Drive, Monroe, NC 28112, which is the site from which CHS Union provides clinical patient services and exercises financial and administrative control over the entire facility (see Attachment B). CHS Union's President's office is located on the second floor of the main hospital building. Please see a copy of CHS Union's hospital license in Attachment C.

The project consists of renovation only and does not involve a change in bed capacity as defined in G.S. 131E-176(5) or the addition of a health service facility or a new institutional health service. The project will not increase the number of operating rooms or gastrointestinal rooms. The project will not result in the acquisition of major medical equipment or the offering of health services not currently provided.

The total square footage of the proposed project is 40,001 square feet. The project involves renovation to the nursing units on the third and fourth floor of CHS Union. The third floor currently has 47 medical/surgical licensed acute care beds and 14 ICU licensed acute care beds. The fourth floor has 50 medical/surgical licensed acute care beds. The number of licensed acute care beds will not change as a result of the proposed project.

The proposed project involves the renovation of space built in 1985. It has been over ten years since these two floors have had aesthetic upgrades. The project will include aesthetic upgrades, bathtub replacement with showers in all patient rooms, exterior window replacements, building infrastructure upgrades addressing deficient building code requirements (dampers, fire alarms, etc.) and improving energy efficiencies.

#### Summary

Based on the above facts, the project is exempt from certificate of need review. We are requesting that you confirm in writing that Carolinas HealthCare System Union's third and fourth floor renovation is exempt from certificate of need review and that we may proceed as planned with this project.

Sincerely,



Elizabeth V. Kirkman  
Assistant Vice President  
CHS Strategic Services Group

Attachments

cc: Michael Lutes/President, CHS Union

# **Attachment A**

**PROPOSED TOTAL CAPITAL COST OF PROJECT**

**Project name:** CHSUN 3rd & 4th Floor Renovation  
**Provider/Company:** Carolinas HealthCare System Union

(1) Purchase price of land	\$0
(2) Closing costs	\$0
(3) Site Preparation	\$0
(4) Construction/Renovation Contract	\$10,070,500
(5) Landscaping	\$0
(6) Architect/Engineering Fees	\$588,000
(7) Medical Equipment	\$831,000
(8) Non Medical Equipment	\$186,000
(9) Furniture	\$618,000
(10) Consultant Fees (CON Fees, Legal Fees, Design Fees)	\$111,500
(11) Financing Costs	\$0
(12) Interest During Construction	\$0
(13) Other (IS, Security, Internal Allocation)	\$1,181,000
(14) <b>Total Capital Cost</b>	<b>\$13,586,000</b>

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

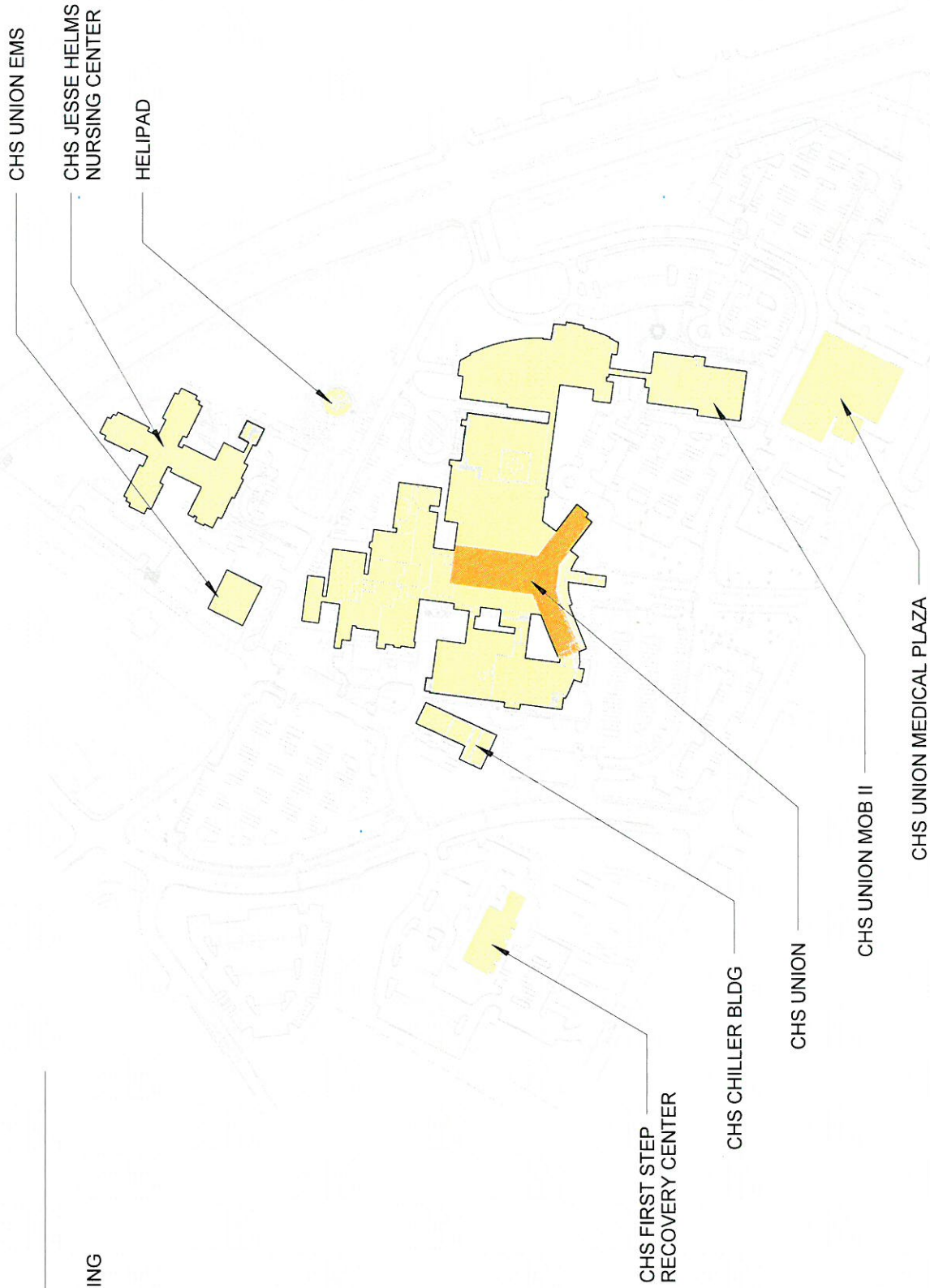
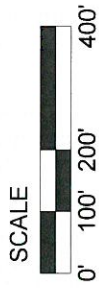
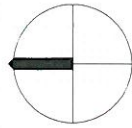
*J.M. Ban* NC LIC # 4844      9/15/17  
(Signature of Licensed Architect or Engineer)      DATE

# **Attachment B**



COLOR KEY

- EXISTING BUILDING
- RENOVATION
- LICENSED BED



# CHS UNION

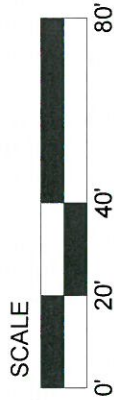
## SITE PLAN



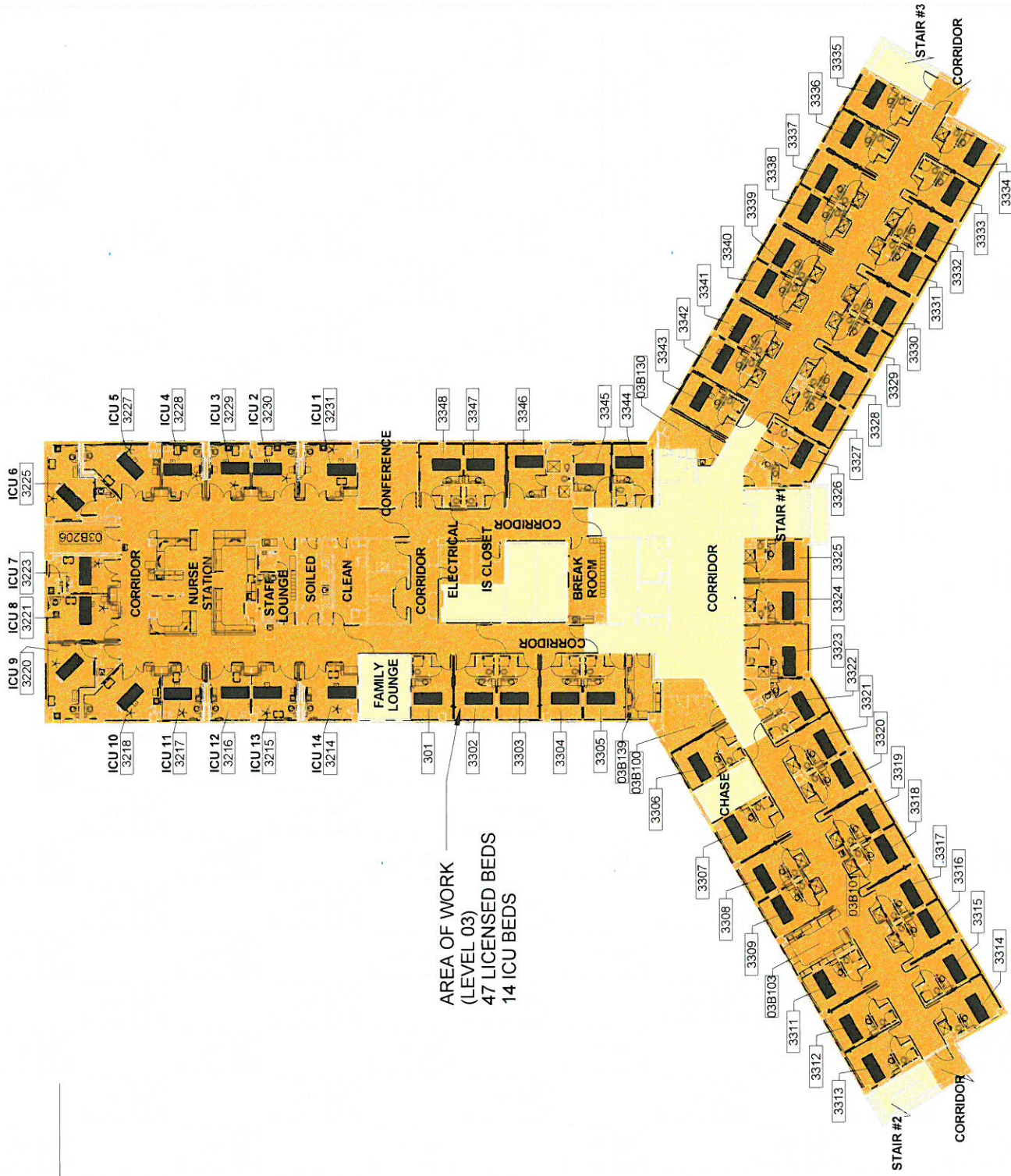


**COLOR KEY**

-  EXISTING BUILDING
-  RENOVATION
-  LICENSED BED



AREA OF WORK  
(LEVEL 03)  
47 LICENSED BEDS  
14 ICU BEDS



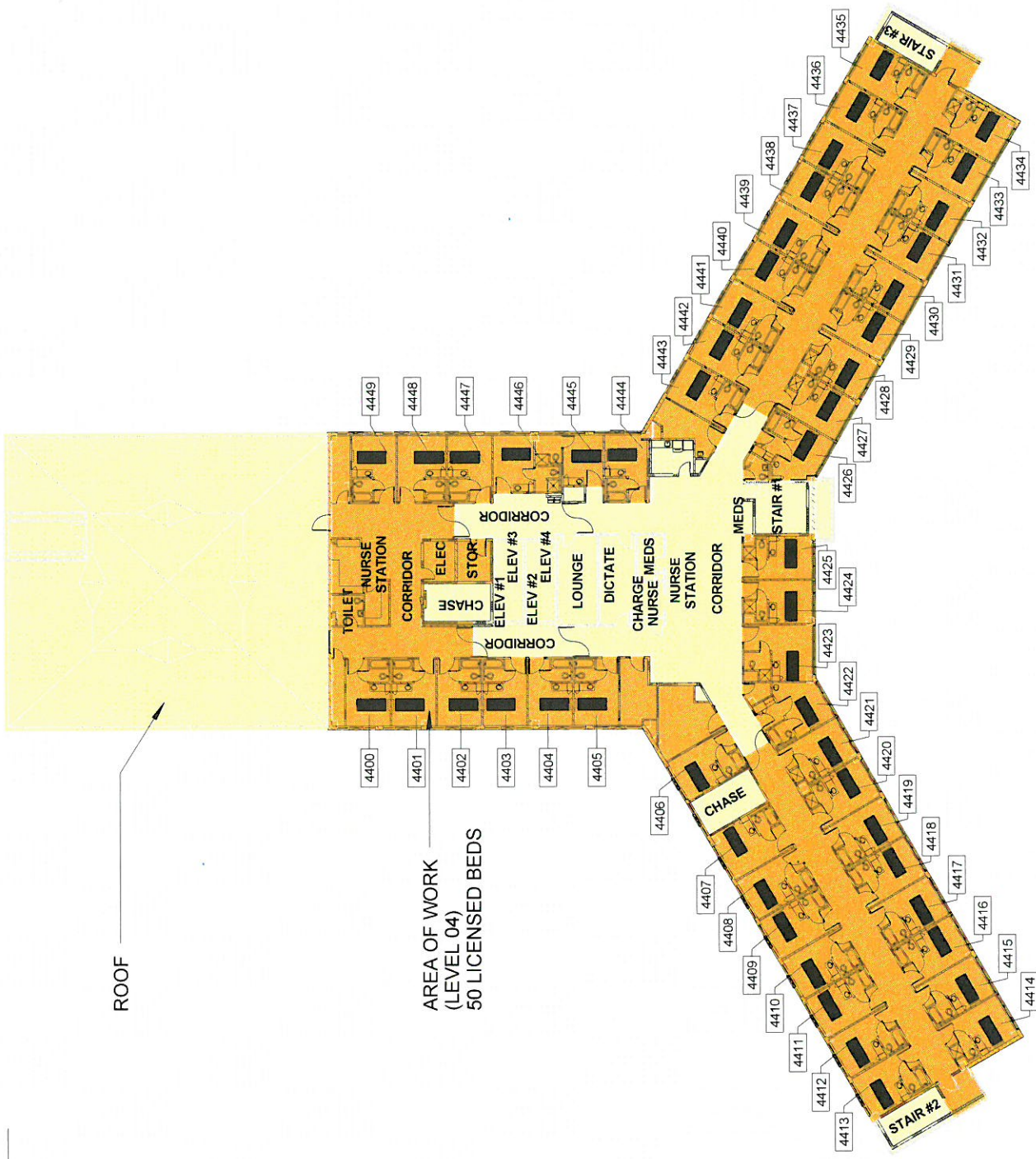
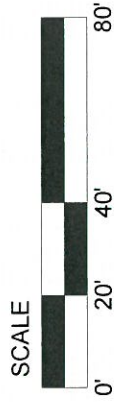
# EXISTING ENLARGED PLAN LEVEL 03





COLOR KEY

-  EXISTING BUILDING
-  RENOVATION
-  LICENSED BED



# EXISTING ENLARGED PLAN LEVEL 04



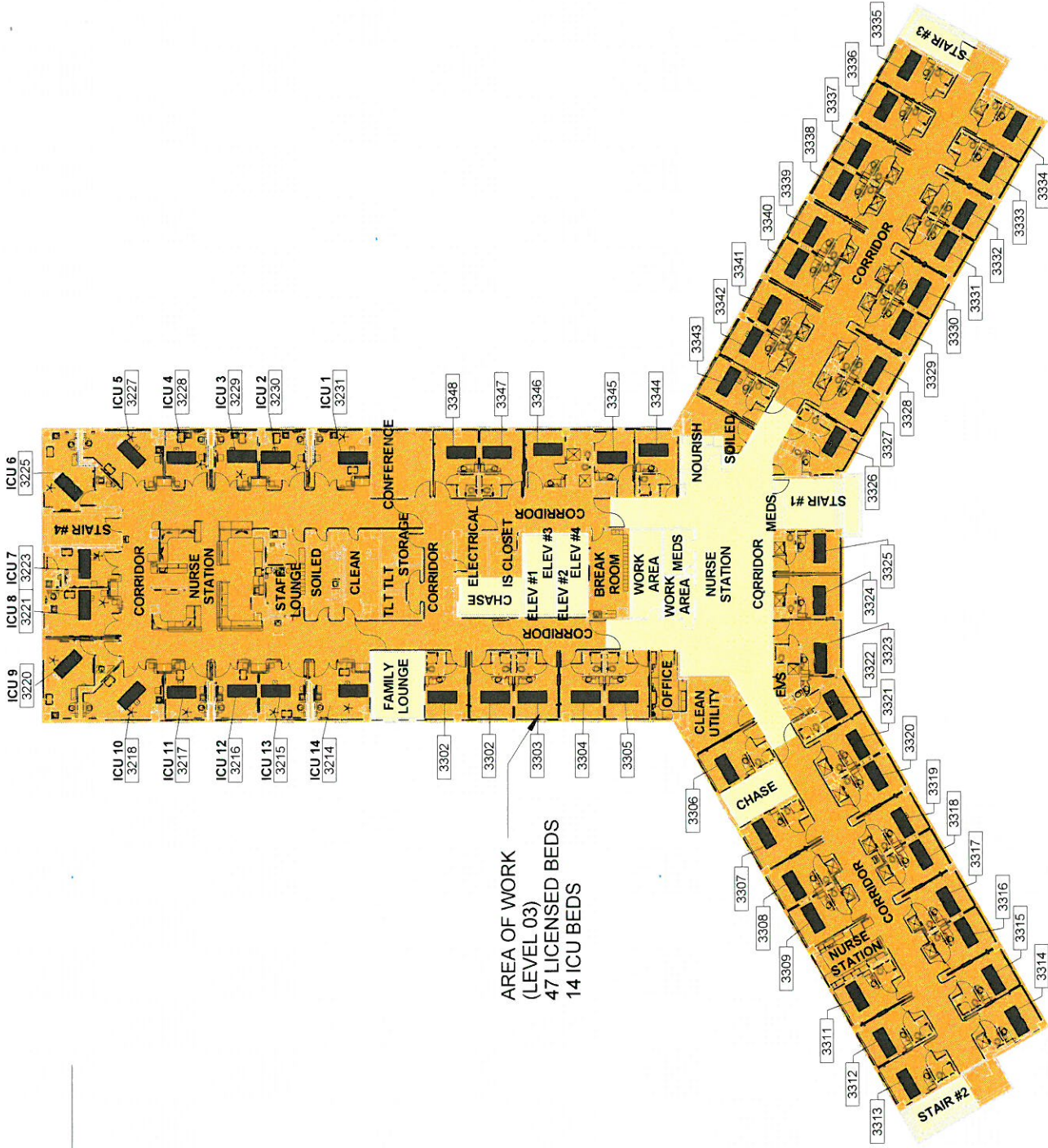


COLOR KEY

- EXISTING BUILDING
- RENOVATION
- LICENSED BED



SCALE



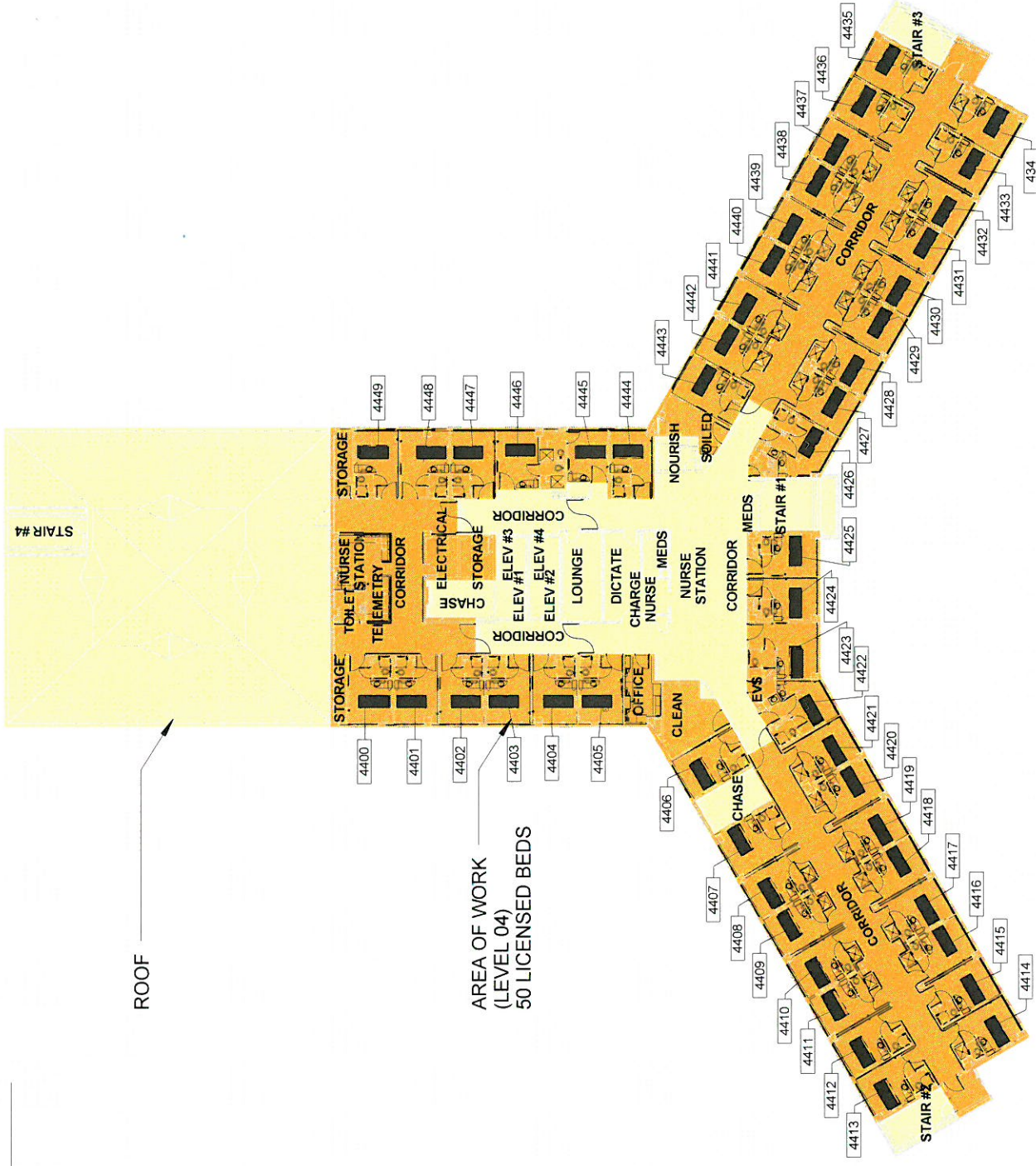
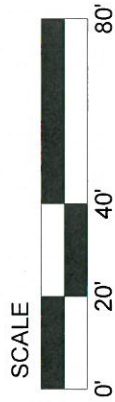
# PROPOSED ENLARGED PLAN LEVEL 03





**COLOR KEY**

-  EXISTING BUILDING
-  RENOVATION
-  LICENSED BED



ROOF

AREA OF WORK  
(LEVEL 04)  
50 LICENSED BEDS

# PROPOSED ENLARGED PLAN LEVEL 04

Carolinas HealthCare System 09/08/2017

CHS Union 3rd & 4th Floor Renovation



# **Attachment C**

# State of North Carolina

## Department of Health and Human Services Division of Health Service Regulation

*Effective May 01, 2017, this license is issued to  
The Charlotte-Mecklenburg Hospital Authority*

*to operate a hospital known as  
Carolinas HealthCare System Union  
located in Monroe, North Carolina, Union 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: 923515*

*License Number: H0050*

**Bed Capacity: 252**

General Acute 182,

Nursing: 70

Dedicated Inpatient Surgical Operating Rooms: 2

Dedicated Ambulatory Surgical Operating Rooms: 0

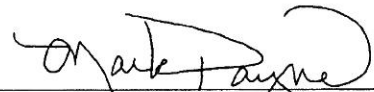
Shared Surgical Operating Rooms: 6

Dedicated Endoscopy Rooms: 2

Authorized by:



Secretary, N.C. Department of Health and  
Human Services



Director, Division of Health Service Regulation