



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**
Division of Health Service Regulation

ROY COOPER • Governor
MANDY COHEN, MD, MPH • Secretary
MARK PAYNE • Director

June 15, 2018

Denise M. Gunter
380 Knollwood Street, Suite 530
Winston-Salem, NC 27103

Exempt from Review

Record #: 2614
Facility Name: Novant Health Presbyterian Medical Center
FID #: 943501
Business Name: Novant Health, Inc.
Business #: 1341
Project Description: Replace the HVAC system in the A, B, and C wings
County: Mecklenburg

Dear Ms. Gunter:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of June 8, 2018, the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §131E-184(a)(4). 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.

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH SERVICE REGULATION

HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION

LOCATION: 809 Ruggles Drive, Edgerton Building, Raleigh, NC 27603
MAILING ADDRESS: 2704 Mail Service Center, Raleigh, NC 27699-2704
www.ncdhhs.gov/dhsr/ • TEL: 919-855-3873

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

Sincerely,



Julie M. Faenza
Project Analyst



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

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

Denise M. Gunter
T 336.774.3322 F 336.774.3372
denise.gunter@nelsonmullins.com

NELSON MULLINS RILEY & SCARBOROUGH LLP
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June 8, 2018



Hand Delivered

Martha J. Frisone, Chief
Healthcare Planning and Certificate of Need Section
North Carolina Department of Health and Human Services
Division of Health Service Regulation
809 Ruggles Drive
Raleigh, North Carolina 27603

Re: Notice of Exemption for Two Projects Pursuant to N.C. Gen. Stat. § 131E-184

Facility Name: Novant Health Presbyterian Medical Center (NHPMC)
FID #: 943501
Business Name: Novant Health, Inc.
Business #: 1341
Project Description: Renovate patient rooms and support space and replace HVAC
County: Mecklenburg

Dear Ms. Frisone:

Pursuant to N.C. Gen. Stat. §§ 131E-184(a) and (g), this letter serves as prior written notice of two CON-exempt projects at NHPMC: (1) NHPMC's intent to renovate certain patient rooms and support space on Floors 3-6 of the A, B, and C Wings of NHPMC; and (2) NHPMC's intent to replace the HVAC system in the A, B, and C Wings at NHPMC. Each project is discussed below.

Renovate Patient Rooms and Support Spaces

Portions of NHPMC were built many decades ago. The A Wing dates back to 1939; the B Wing dates back to 1940; and the C Wing dates back to 1956. Patient rooms built in those eras are much smaller than today's standard. Many patient rooms in these wings cannot accommodate modern healthcare equipment and practices, and do not

provide a comfortable environment for patients, families and guests. NHPMC proposes to renovate and modernize its patient rooms and related support space located on floors 3 through 6 in the A, B, and C Wings of NHPMC. The total square footage to be renovated is approximately 143,253, and covers 190 rooms. The project entails enlarging the patient rooms in these areas from 185 square feet to approximately 250 square feet; enlarging the toilet/shower areas in these rooms from 38 square feet square feet to approximately 48 square feet; and renovating the associated support spaces such as med rooms, team member lounges and physician support spaces. The project will take several years to complete and the anticipated capital cost is approximately \$77 million. To accommodate patients while this project is going on, NHPMC will use the vacated Novant Health Charlotte Orthopaedic Hospital (NHCOH) bed tower. After the renovations are finished, NHPMC will demolish the NHCOH bed tower.

N.C. Gen. Stat. § 131E-184(g) provides that the Department shall exempt from CON review any capital expenditure that exceeds the \$2 million threshold in N.C. Gen. Stat. § 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 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.

N.C. Gen. Stat. § 131E-176(14n) defines "main campus" as:

- 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 the main building but are located within 250 yards of the 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.

NHPMC's renovation project meets the requirements of N.C. Gen. Stat. § 131E-184(g) because:

- (1) NHPMC is an existing health service facility (Hospital License # H0010) located at 200 Hawthorne Lane in Charlotte. See **Exhibit 1**, the NHPMC 2018 License. The sole purpose of the renovation project is to renovate certain patient rooms at NHPMC. This renovation will take place on the main campus of NHPMC, 200 Hawthorne Lane in Charlotte. Specifically, the renovation will take place inside the hospital at 200 Hawthorne Lane. This is the location at which NHPMC provides clinical patient services and from which NHPMC exercises financial and administrative control over the entire facility. The administrative suite is on the first floor of NHPMC at 200 Hawthorne Lane in Charlotte. See **Exhibit 2**, a letter from Barbara L. Freedy, Director, Certificate of Need, Novant Health, Inc., documenting this. Ms. Freedy's letter was submitted to the Agency in March 2018 in connection with another NHPMC project, and the facts stated in that March 2018 letter remain true today. See **Exhibit 3** for a campus map showing NHPMC's location. See **Exhibit 4** for a floor plan, which uses the fourth floor as an example of the area to be renovated at NHPMC.
- (2) This renovation project will 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) This letter constitutes the required prior written notice.

We would appreciate the Agency's written confirmation that the foregoing renovation project is exempt from CON review.

Replace HVAC

NHPMC proposes to replace the HVAC system for the A, B, and C Wings at NHPMC. N.C. Gen. Stat. § 131E-184(a)(4) provides that upon prior written notice, the Department shall exempt from CON review:

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June 8, 2018
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(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.

The replacement of the HVAC system for the A, B, and C Wings does not involve the construction of a new health service facility or portion thereof and that is subject to CON review. This replacement is necessary due to the age and obsolescence of the current HVAC system. The project will replace 16 air handling units, four exhaust fans, and associated ductwork and controls. The existing units have exceeded their useful life, with the oldest units being installed in the 1950s. The new units will provide greater room temperature control, and ensure all spaces meet current ventilation requirements.

We would appreciate the Agency's written confirmation that the foregoing HVAC replacement is exempt from CON review.

If you need any further information, please let me know.

Thank you for your time and attention.

Sincerely,

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

Denise M. Gunter

Enclosures

State of North Carolina

Department of Health and Human Services
Division of Health Service Regulation

Effective January 01, 2018, this license is issued to

The Presbyterian Hospital

to operate a hospital known as

Novant Health Presbyterian Medical Center

located in Charlotte, North Carolina, Mecklenburg 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: 943501

License Number: H0010

Bed Capacity: 672

*General Acute 567, Psych 75, Hospice 14,
Nursing: 16*

Dedicated Inpatient Surgical Operating Rooms: 6

Dedicated Ambulatory Surgical Operating Rooms: 6

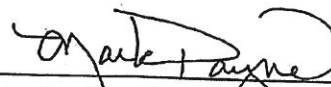
Shared Surgical Operating Rooms: 33

Dedicated Endoscopy Rooms: 9

Authorized by:



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



Director, Division of Health Service Regulation

EXHIBIT

2

March 9, 2018



2085 Frontis Plaza Boulevard
Winston Salem, NC 27103

novanthealth.org

Gloria Hale, Team Leader
Certificate of Need
Division of Health Service Regulation
809 Ruggles Dr. Raleigh, NC 27603

RE: Novant Health Presbyterian Medical Center Response to Agency's Question #2 for CON Exemption
Request for HOPD Novant Health Center City Outpatient Surgery

Dear Ms. Hale:

Per our March 9, 2018 phone call included is the response to question #2.

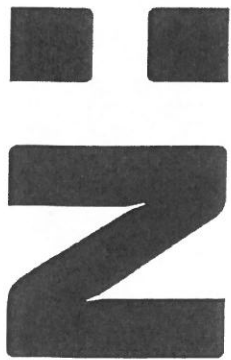
This letter is to provide documentation that the location of the proposed HOPD Center City Outpatient Surgery renovation project is on the main campus of Novant Health Presbyterian Medical Center where clinical patient services and financial and administrative control for all of Novant Health Presbyterian Medical Center is provided. The administrative suite is on the first floor of the main hospital at 200 Hawthorne Lane, Charlotte, NC.

Sincerely,

A handwritten signature in cursive script that reads 'Barbara L. Freedy'.

Barbara L. Freedy
Director, Certificate of Need
Novant Health, Inc.

File: ResponseCenterCityOutpatientSurgeryQuest2response.docx



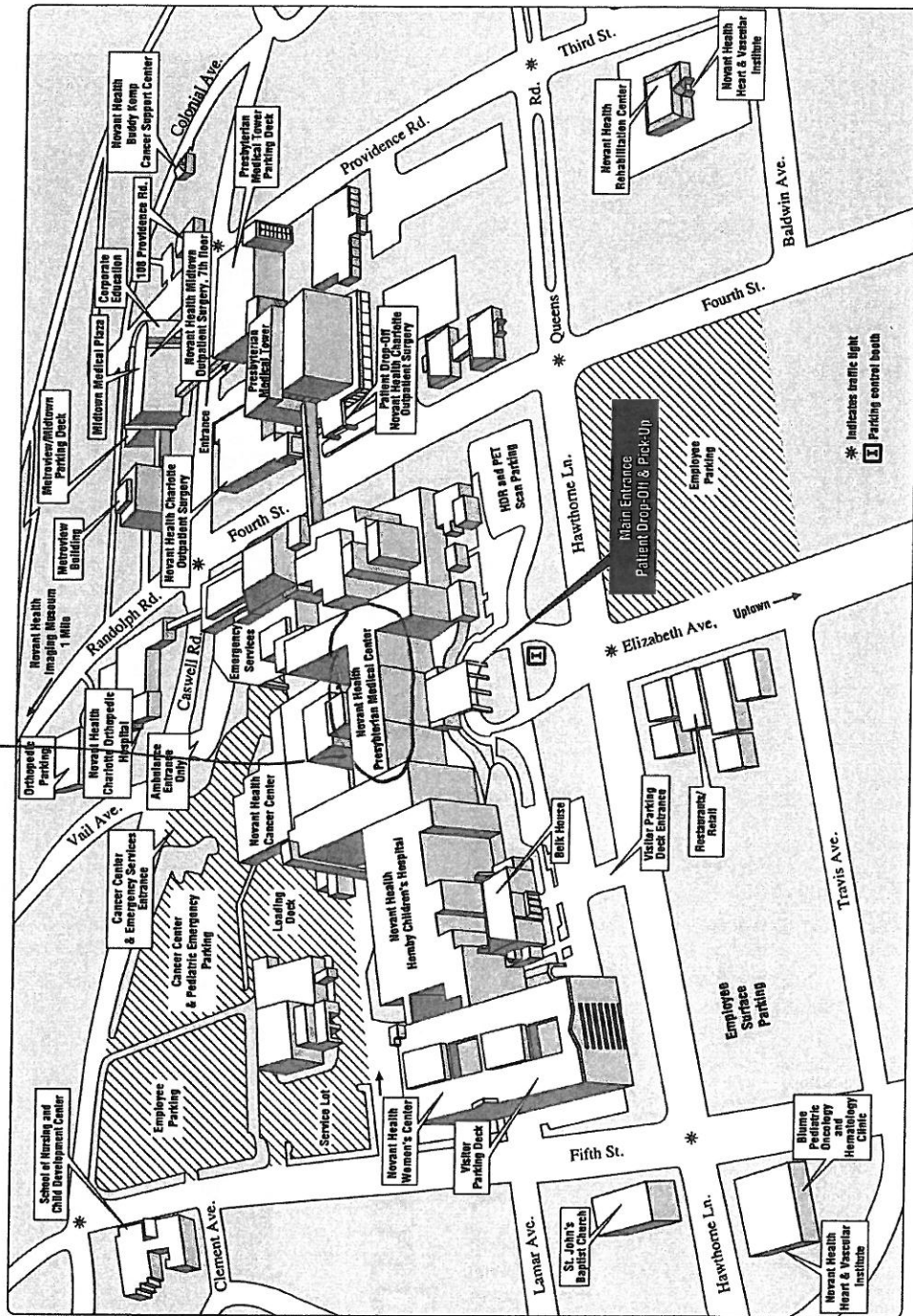
Campus map

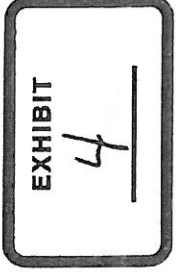
Presbyterian Medical Center

For more information about Novant Health Presbyterian Medical Center, call 704-384-4000 or visit our website at NovantHealth.org.

EXHIBIT 3

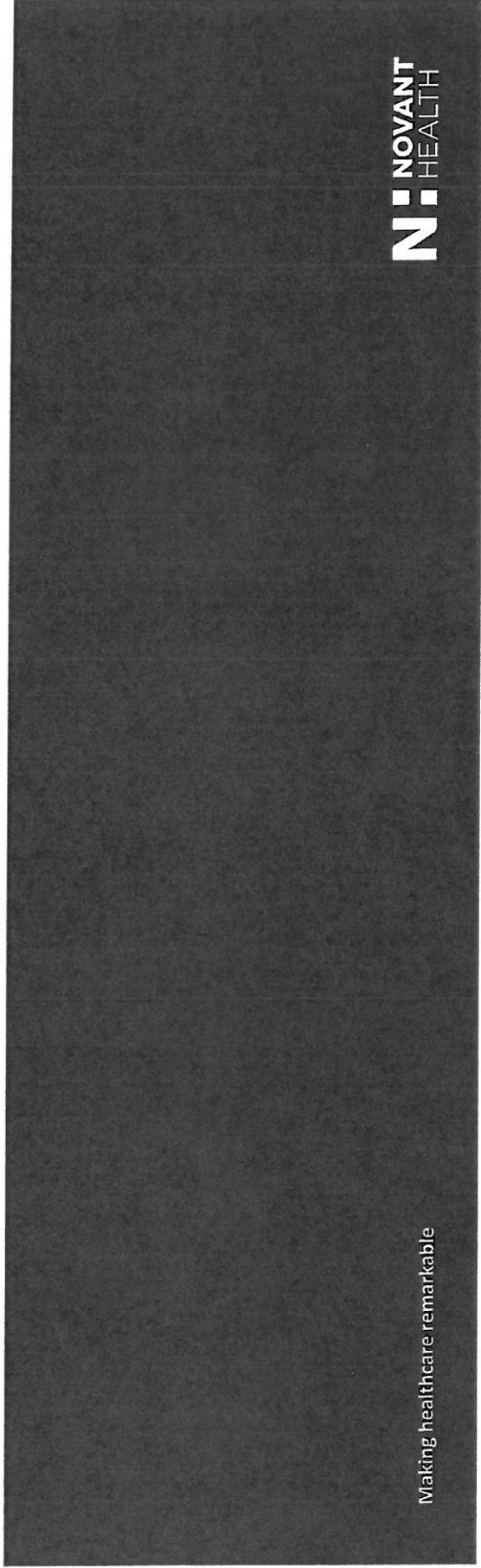
Area to be Renovated





NI

Presbyterian Medical Center Patient Bedroom Modernization Plan



Making healthcare remarkable



NHPMC Renovation Floor Plan

