



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

Gary S. Qualls  
430 Davis Drive, Suite 400  
Morrisville, NC 27560

**Exempt from Review**

**Record #:** 2615  
**Facility Name:** University of North Carolina Hospitals  
**FID #:** 923517  
**Business Name:** University of North Carolina Hospitals at Chapel Hill  
**Business #:** 1900  
**Project Description:** Renovate the orthopedic clinic on the third floor of the Ambulatory Care Center building located on UNC Hospitals Main Campus  
**County:** Orange

Dear Mr. Qualls:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of June 11, 2018, 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.

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

Mr. Qualls  
June 15, 2018  
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Sincerely,



Bernetta Thome-Williams  
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

Record#  
2615

**K&L GATES**

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June 11, 2018

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**Via Hand Delivery**

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

Re: University of North Carolina Hospitals at Chapel Hill's Exemption Notice Regarding Revisions to Third Floor of ACC Building

Dear Ms. Frisone:

Pursuant to N.C. Gen. Stat. § 131E-184(g), the University of North Carolina Hospitals at Chapel Hill ("UNCH") gives this prior written notice of a proposed exempt project. As you know, UNCH is a licensed hospital and is thus an existing "health service facility" under the CON Law. See N.C. Gen. Stat. § 131E-176(9b). This Exempt Project entails renovations to the third floor of the Ambulatory Care Center ("ACC") Building located on UNCH's main campus.

**Exemption Provisions**

This Exempt Project falls within the "Main Campus Exemption Provisions" in N.C. Gen. Stat. § 131E-184(g)(1)-(3). The Main Campus Exemption Provisions provide as follows:

- (g) The Department shall exempt from the certificate of need review and 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 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 supporting documentation to demonstrate that it meets the exemption criteria of this subsection.

For purposes of the foregoing Main Campus Exemption Provisions in Section 131E-184(g), the term “main campus” is defined in N.C. Gen. Stat. § 131E-176(14n) as follows:

(14n) “Main campus” means all of the following for the purpose 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.

#### **Exempt Project**

The primary purpose of the proposed renovation is to reconfigure the orthopedic clinic space on the second floor of the ACC Building to allow for the flow of the clinic to become more patient friendly. The ACC Building is one of the adjacent buildings to the Main UNCH Building on the main campus. The ACC Building – where all of the exempt renovations will occur – has been part of the UNCH main campus since 1990. See Map attached as Exhibit 1 for UNCH Main Campus. The chartreuse-colored buildings in Exhibit 1 constitute the health sciences campus. The ACC Building is the building on the far left of the campus in Exhibit 1, flanked by public parking on its immediate left and right.

The capital expenditure for the renovations to the ACC Building will exceed \$2 million, thus triggering the exemption analysis under N.C. Gen. Stat. § 131E-184(g). Clinical patient services, financial control, and administrative control of UNCH are provided in the Main Campus Hospital Building, to which the ACC Building is adjacent. Only existing health services currently offered at UNCH will be provided as a result of this Exempt Project. In accordance with Section 131E-184(g)(2), the Exempt Project's capital expenditures 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 facility other than that allowed in G.S. 131E-176(16)b." No new operating rooms will be developed and no major medical equipment will be acquired as a result of this Exempt Project.

### Conclusion

Based on the foregoing information, UNCH requests that the Agency provide a written response confirming that UNCH's renovations to the ACC Building, which is located on UNCH's main campus, is exempt from certificate of need review. We thank you for your consideration for this notice.

Sincerely,



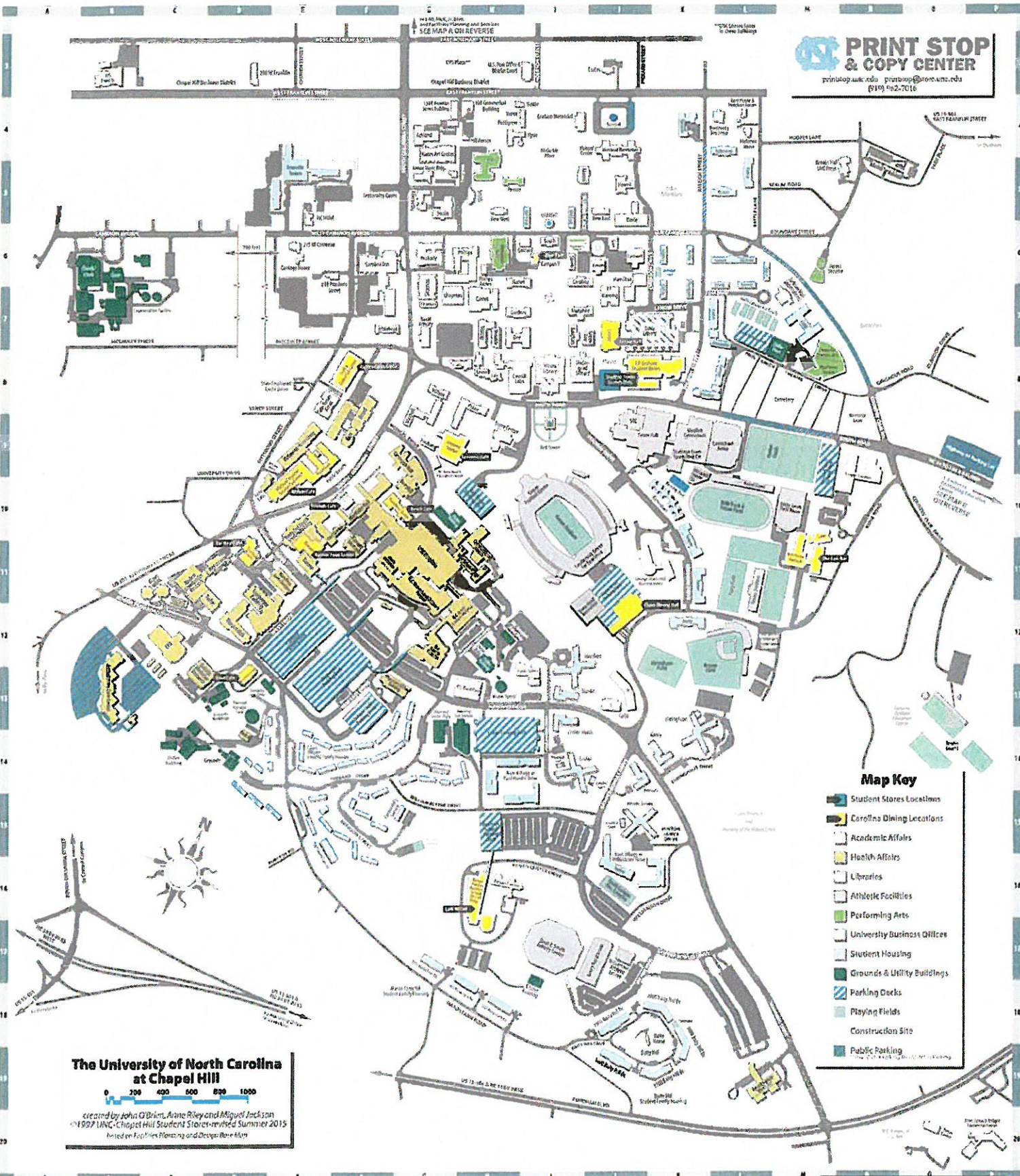
Gary S. Qualls

Enclosures

**Exhibit List**

1. Map of UNCH Main Campus

**PRINT STOP & COPY CENTER**  
 printstop.unc.edu printstop@unc.edu  
 (919) 952-7016



- Map Key**
- Student Stores Locations
  - Carolina Dining Locations
  - Academic Affairs
  - Health Affairs
  - Libraries
  - Athletic Facilities
  - Performing Arts
  - University Business Offices
  - Student Housing
  - Grounds & Utility Buildings
  - Parking Decks
  - Playing Fields
  - Construction Site
  - Public Parking

**The University of North Carolina at Chapel Hill**

0 200 400 600 800 1000

created by John O'Brien, Anne Riley and Miguel Jackson  
 ©1997 UNC-Chapel Hill Student Stores-revised Summer 2015  
 based on Esplanade Planning and Design Rose Map

**EXHIBIT**

tabbles

1

*Effective January 01, 2018, this license is issued to*  
***University of North Carolina Hospitals at Chapel Hill***

*to operate a hospital known as*  
***University of North Carolina Hospitals***  
*located in Chapel Hill, North Carolina, Orange 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: 923517*

***License Number: H0157***

***Bed Capacity: 905***

*General Acute 799, Rehabilitation 30 , Psych 76,*

**Dedicated Inpatient Surgical Operating Rooms: 6**

**Dedicated Ambulatory Surgical Operating Rooms: 11**

**Shared Surgical Operating Rooms: 29**

**Dedicated Endoscopy Rooms: 9**