



NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**

ROY COOPER • Governor

MANDY COHEN, MD, MPH • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

January 4, 2019

Elizabeth Kirkman  
Atrium Health Strategic Services Group  
2709 Water Ridge Parkway, Suite 200  
Charlotte, NC 28217

**Exempt from Review**

**Record #:** 2826  
**Facility Name:** Carolinas HealthCare System Pineville  
**FID #:** 110878  
**Business Name:** Mercy Hospital, Inc.  
**Business #:** 1220  
**Project Description:** Relocate the pre-anesthesia testing unit, renovate and expand the Kidney Dialysis Unit, and add additional observation space  
**County:** Mecklenburg

Dear Ms. Kirkman:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of December 20, 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.

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: 2701 Mail Service Center, Raleigh, NC 27699-2701  
www.ncdhhs.gov/dhsr/ • TEL: 919-855-3750 • FAX: 919-733-2757

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

Ms. Elizabeth Kirkman  
January 4, 2018  
Page 2

Sincerely,



Gloria C. Hale  
Team Leader



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

cc: Construction Section, DHR  
Acute and Home Care Licensure and Certification Section, DHR  
Melinda Boyette, Administrative Assistant, Healthcare Planning, DHR



# Atrium Health



December 20, 2018

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

**RE: Exemption Request for Mercy Hospital, Inc. d/b/a Carolinas HealthCare System Pineville ("CHS Pineville") to Relocate the Pre-Anesthesia Testing ("PAT") Unit, Renovate and Expand the Existing Kidney Dialysis Unit ("KDU") and Add Additional Observation Space**

Dear Ms. Frisone:

I am writing to inform you of Carolinas HealthCare System Pineville's ("CHS Pineville") plan to relocate the pre-anesthesia testing ("PAT") unit, renovate and expand the existing Kidney Dialysis Unit ("KDU") and add additional observation space on the first floor of the main hospital building. The estimated capital cost of this project is \$5,070,300.

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 Pineville KDU, PAT and observation space 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). The proposed project involves the renovation of an existing health service facility located at 10628 Park Road, Charlotte, NC 28210, which is the site from which CHS Pineville provides clinical patient services and exercises financial and administrative control over the entire facility (see Attachment B). CHS Pineville President's office is located on the ground floor of the main hospital building. Please see a copy of CHS Pineville's hospital license in Attachment C.

The project consists of renovations 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 number of licensed acute care beds will not change as a result of the proposed project.

There is increased demand for observation space at CHS Pineville. Currently, post-procedure and other observation status patients are being housed on nursing units and are creating capacity constraints for inpatient stays. In order to meet the need for additional observation space and create more capacity on the nursing units, this project proposes to renovate existing space on the first floor of CHS Pineville that is currently occupied by the KDU and PAT unit (see attachment B) to create a 12-bed observation unit that will be dual purposed to house observation patients that are currently located on nursing units and dialysis patients as needed. The new observation unit will have 4 rooms that will be dedicated to dialysis, but all 12 observation beds will be dialysis capable.

#### Pre-Anesthesia Testing ("PAT") Unit Relocation

As part of this project, the existing PAT unit will be relocated to space on the ground floor of the main hospital building that is currently occupied by the Medical Records department. The Medical Records department will be relocated to vacant space on the first floor of CHS Pineville's Medical Plaza I building that is connected to the main hospital on the main campus of CHS Pineville (see Attachment B).

#### Kidney Dialysis Unit ("KDU") Renovation and Expansion

The proposed project also includes renovating and expanding the existing KDU. The existing KDU is located on the first floor of the main hospital building and consists of three dialysis bays. While the project is under construction, two of the dialysis bays from the KDU will be temporarily relocated to a room in the Cardiovascular Intensive Care Unit ("CVICU") on the second floor of the main hospital building (see Attachment B). Upon completion of the project, the KDU will move back to renovated space within the new observation unit on the first floor of the main hospital building. The renovated KDU will consist of 4 dedicated dialysis rooms, but all 12 of the observation beds in the new observation unit will be dialysis capable.

### Additional Observation Space

In order to satisfy the need for additional observation space at CHS Pineville, the proposed project will create a 12-bed observation unit on the first floor of the main hospital building in the space that is currently occupied by the KDU and PAT unit. Upon completion of the project, the new observation unit will be used to house post-procedure and other observation status patients that are currently located on nursing units or are in the ED. As stated above, the KDU will also be housed in this space and there will be 4 rooms that will be dedicated to dialysis, but all 12 observation beds in the new unit will be dialysis capable.

### 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 Pineville's proposed project to relocate the pre-anesthesia testing ("PAT") unit, renovate and expand the existing Kidney Dialysis Unit ("KDU") and add additional observation space on the first floor of the main hospital building is exempt from certificate of need review and that we may proceed as planned with this project.

Sincerely,



Elizabeth V. Kirkman  
Assistant Vice President  
Atrium Health Strategic Services Group

Attachments

cc: Christopher Hummer, President, Carolinas HealthCare System Pineville

# **Attachment A**




**PROPOSED TOTAL CAPITAL COST OF PROJECT**

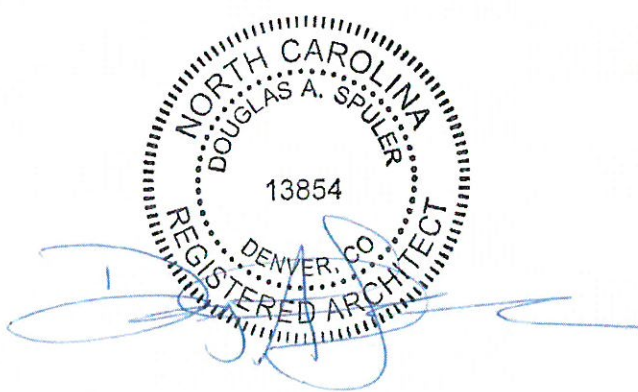
**Project name:** CHS Pineville Observation Space  
**Provider/Company:** Atrium Health

(1) Purchase price of land	0
(2) Closing costs	0
(3) Site Preparation	0
(4) Construction/Renovation Contract	\$2,973,200
(5) Landscaping	0
(6) Architect/Engineering Fees	\$411,300
(7) Medical Equipment	\$565,000
(8) Non Medical Equipment	0
(9) Furniture	\$93,000
(10) Consultant Fees (CON Fees and Legal Fees)	0
(11) Financing Costs	0
(12) Interest During Construction	0
(13) Other (IS, Security, Internal Allocation)	\$1,027,800
(14) <b>Total Capital Cost</b>	<b>\$5,070,300</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.*

  
(Signature of Licensed Architect or Engineer)

12.18.18  
DATE



Sales taxes have been included in these equipment costs. However, because Atrium Health is entitled to a sales tax refund under N.C. Gen. Stat. § 105-164.14(b) and 105-467, the sales tax that Atrium Health initially incurs for this medical equipment purchase will be refunded to Atrium Health, and thus will reduce the capital costs that Atrium Health actually incurs for the equipment by \$79,046.

# **Attachment B**



COLOR KEY

- EXISTING BUILDING
- RENOVATION



EXISTING SITE PLAN

Atrium Health

Observation Unit

CHS Pineville



11/07/2018

COLOR KEY

- EXISTING BUILDING
- RENOVATION



PROPOSED SITE PLAN

Atrium Health



Observation Unit  
CHS Pineville

11/07/2018



**COLOR KEY**

- EXISTING BUILDING
- RENOVATION



**EXISTING FLOOR PLAN - LEVEL 01 (CHSP)**

Atrium Health

Observation Unit

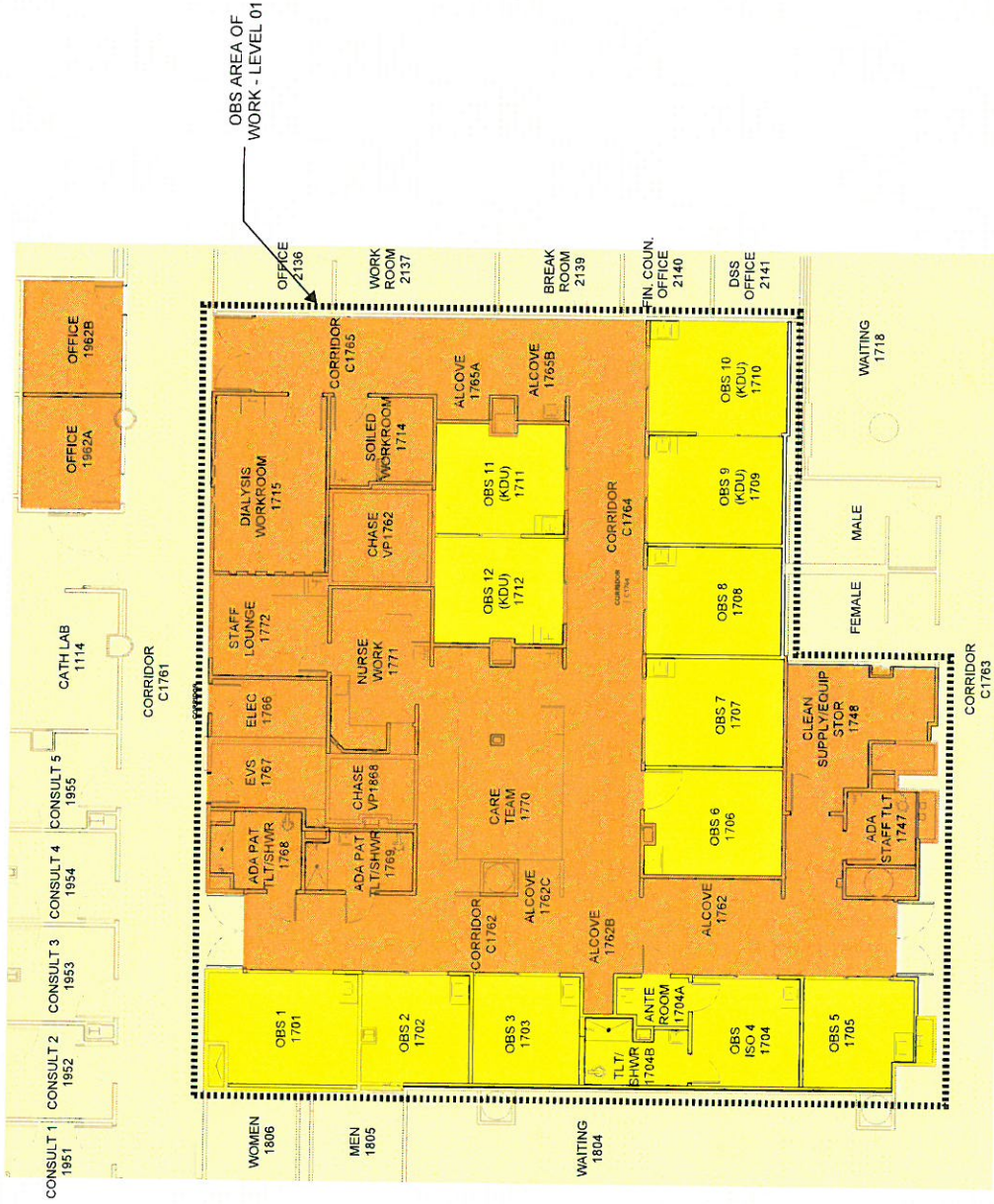
CHS Pineville

11/07/2018



**COLOR KEY**

- EXISTING BUILDING
- RENOVATION
- OBSERVATION



**PROPOSED FLOOR PLAN - LEVEL 01 (CHSP)**

Atrium Health

11/07/2018

Observation Unit

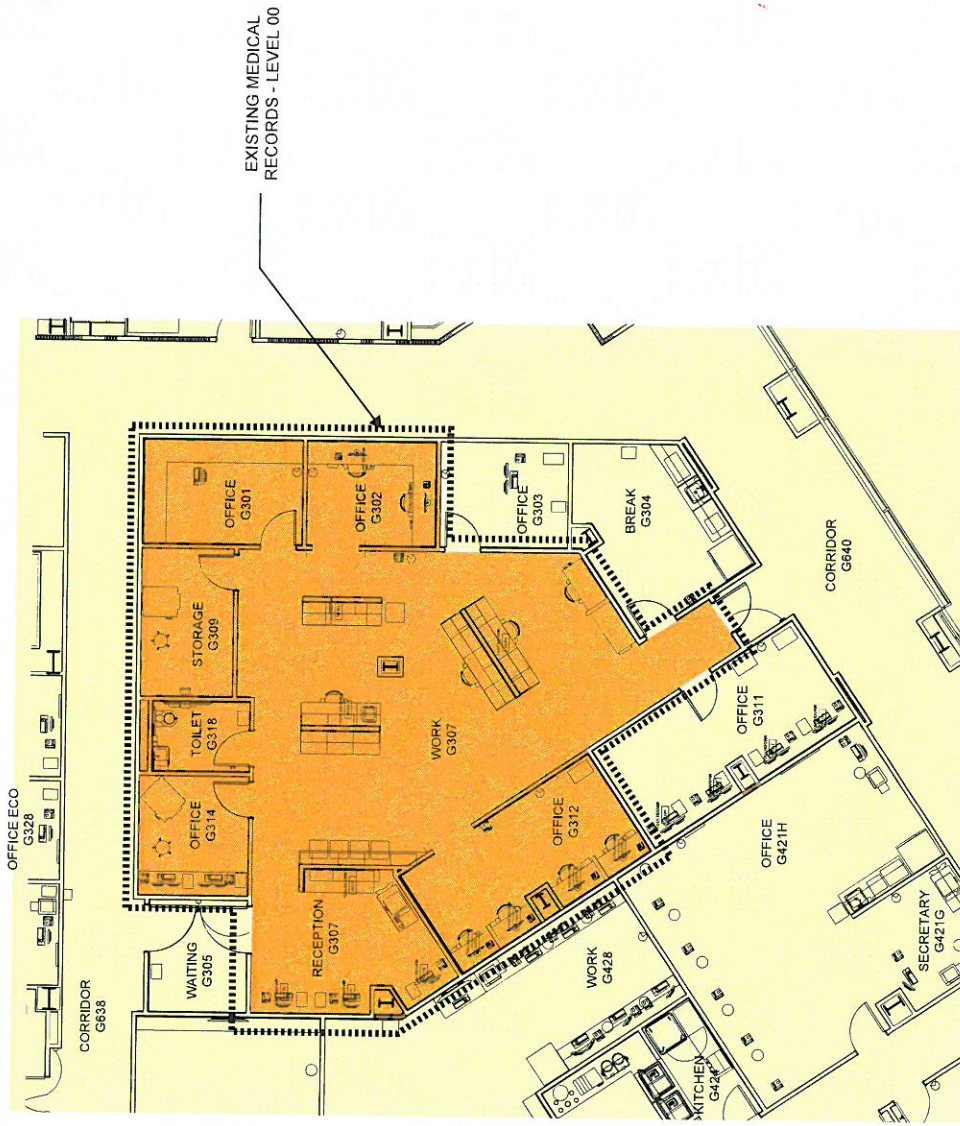
CHS Pineville





COLOR KEY

- EXISTING BUILDING
- RENOVATION



EXISTING FLOOR PLAN - LEVEL 00 (CHSP)

Atrium Health

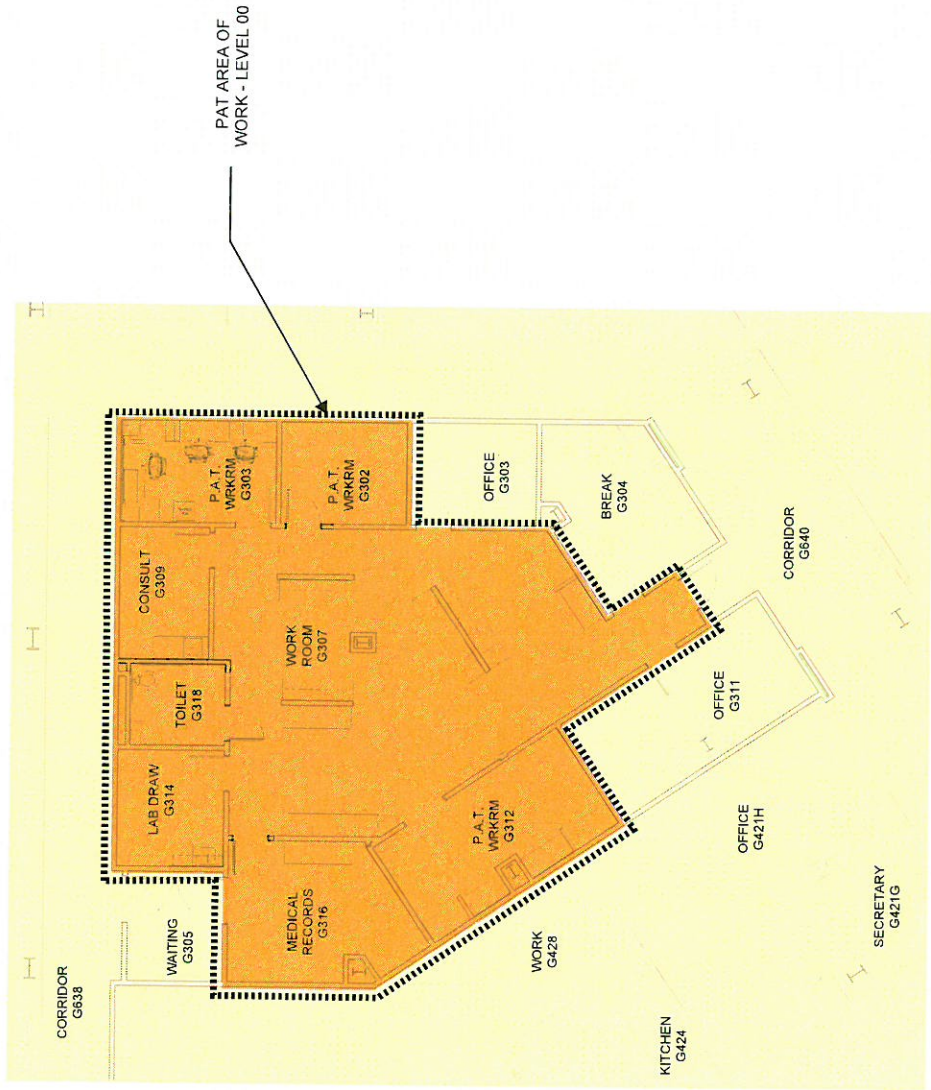
Observation Unit  
CHS Pineville



11/07/2018

### COLOR KEY

-  EXISTING BUILDING
-  RENOVATION



## PROPOSED FLOOR PLAN - LEVEL 00 (CHSP)

Atrium Health

Observation Unit  
CHS Pineville

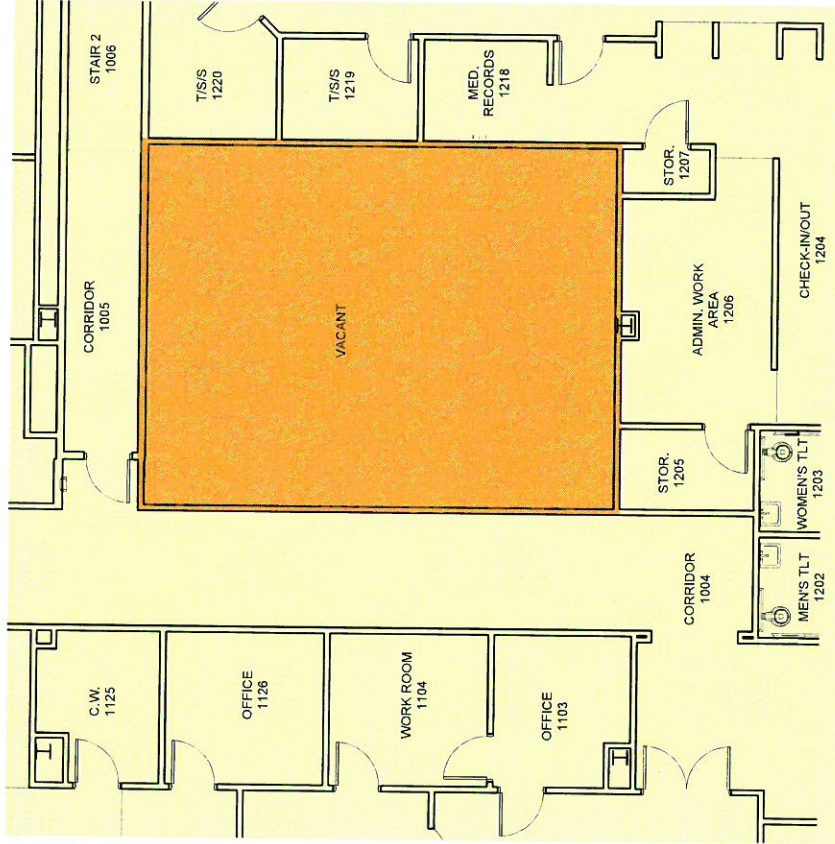


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COLOR KEY

- EXISTING BUILDING
- RENOVATION



EXISTING FLOOR PLAN - LEVEL 01 (PMP I)

Atrium Health

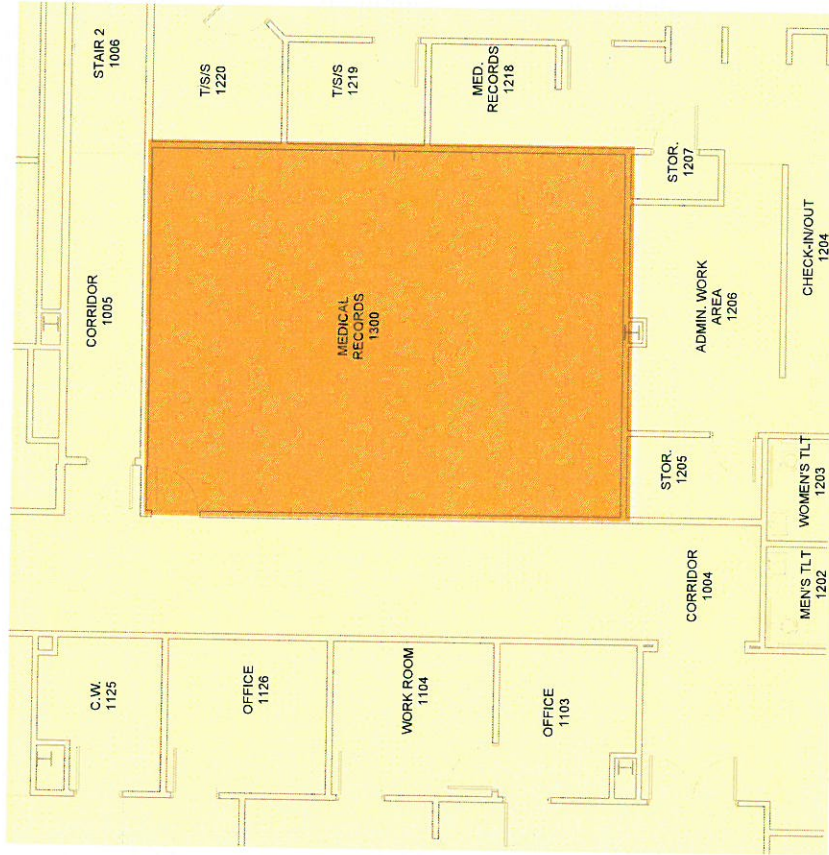
11/07/2018

Observation Unit  
CHS Pineville



COLOR KEY

- EXISTING BUILDING
- RENOVATION



PROPOSED FLOOR PLAN - LEVEL 01 (PMP I)

Atrium Health

11/07/2018

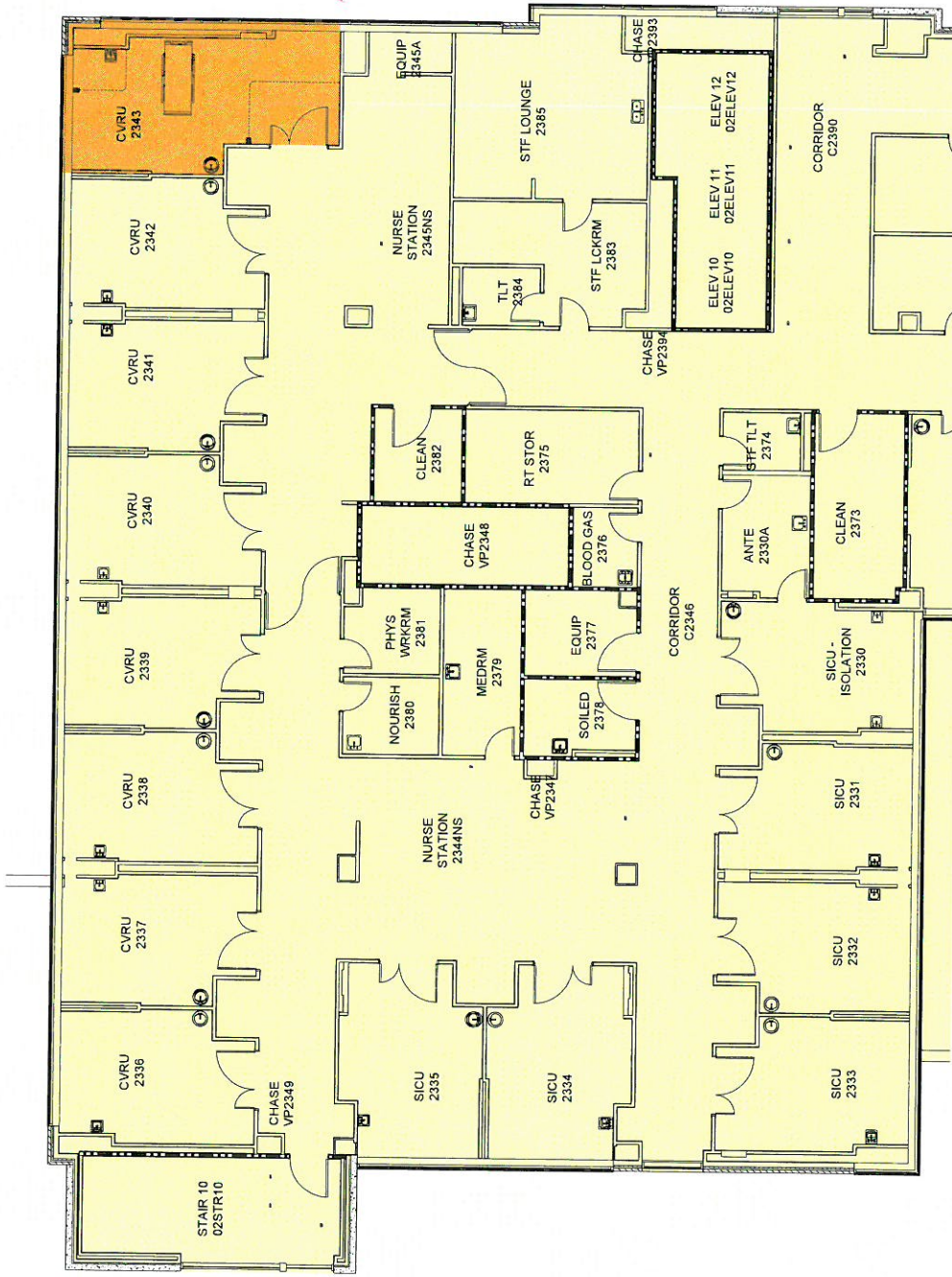


Observation Unit  
CHS Pineville



**COLOR KEY**

- EXISTING BUILDING
- RENOVATION



**EXISTING FLOOR PLAN - LEVEL 02 (CHSP)**

Atrium Health

11/07/2018

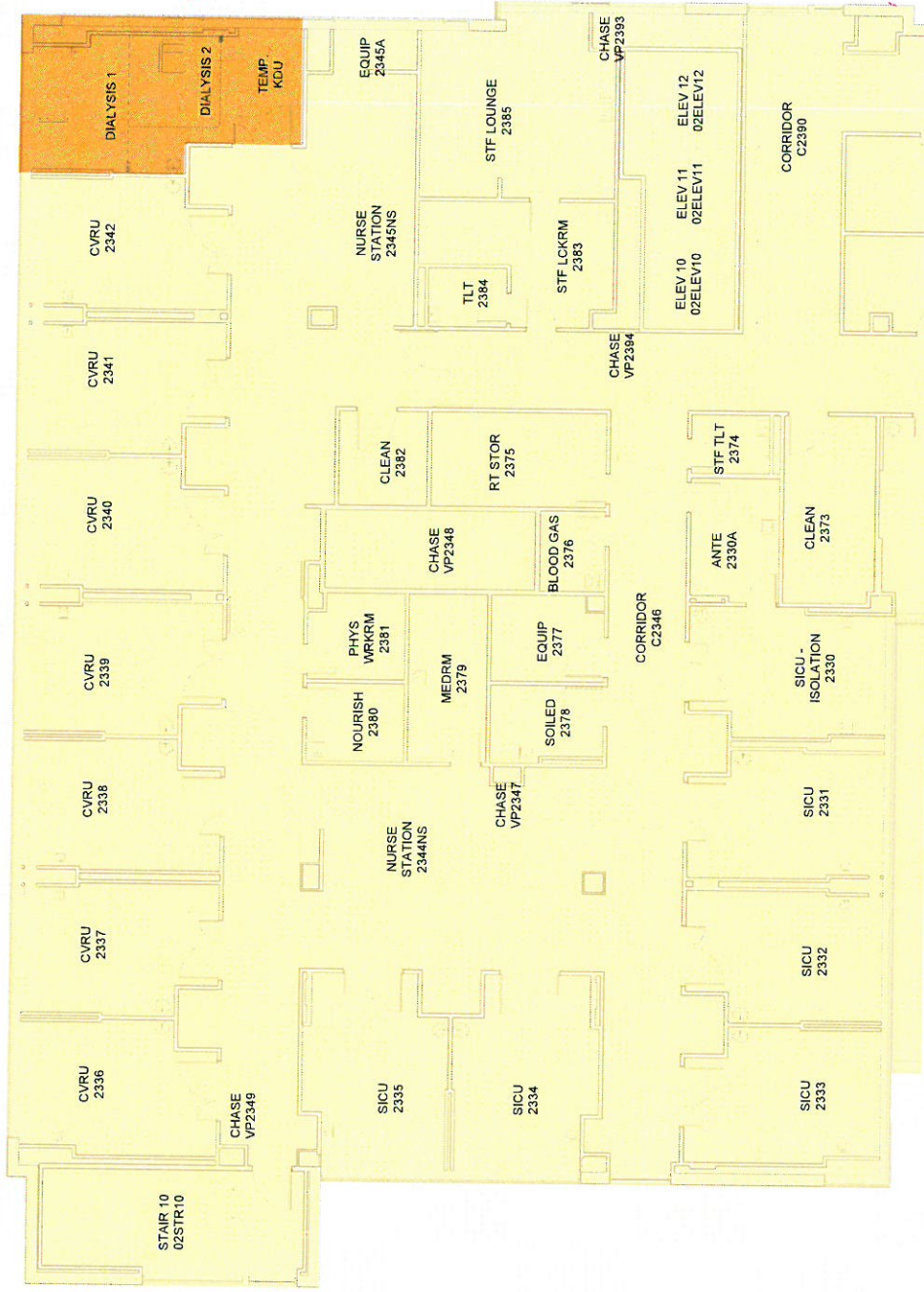
Observation Unit

CHS Pineville



**COLOR KEY**

- EXISTING BUILDING
- RENOVATION



**PROPOSED TEMPORARY FLOOR PLAN - LEVEL 02 (CHSP)**

Atrium Health

11/07/2018

Observation Unit  
CHS Pineville



# **Attachment C**



# State of North Carolina

Department of Health and Human Services  
Division of Health Service Regulation

*Effective October 23, 2018, this license is issued to  
Mercy Hospital, Inc.*

*to operate a hospital known as  
Carolinas HealthCare System Pineville  
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: 110878  
License Number: H0042*

**Bed Capacity: 250**

*General Acute 221, Rehabilitation 29,*

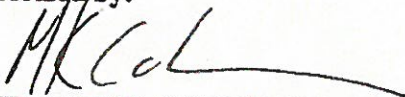
Dedicated Inpatient Surgical Operating Rooms: 3

Dedicated Ambulatory Surgical Operating Rooms: 0

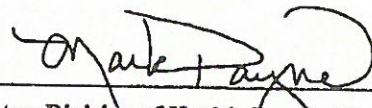
Shared Surgical Operating Rooms: 9

Dedicated Endoscopy Rooms: 2

Authorized by:



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



Director, Division of Health Service Regulation