



NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**

ROY COOPER • Governor

KODY H. KINSLEY • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

VIA EMAIL ONLY

August 22, 2023

Elizabeth V. Kirkman  
Elizabeth.Kirkman@atriumhealth.org

**Exempt from Review**

**Record #:** 4252  
**Date of Request:** August 3, 2023  
**Facility Name:** Atrium Health Pineville  
**FID #:** 110878  
**Business Name:** The Charlotte-Mecklenburg Hospital Authority  
**Business #:** 1770  
**Project Description:** Renovate and upfit existing space in an existing patient tower for observation beds and support space  
**County:** Mecklenburg

Dear Ms. Kirkman:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that the above referenced proposal is exempt from certificate of need review in accordance with G.S. 131E-184(g). Therefore, you may proceed to offer, develop, or establish the above referenced project without a certificate of need.

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.

Sincerely,

Julie M. Faenza  
Project Analyst

Micheala Mitchell  
Chief

cc: Construction Section, DHSR  
Acute and Home Care Licensure and Certification Section, DHSR

**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: 809 Ruggles Drive, 2704 Mail Service Center, Raleigh, NC 27699-2704  
<https://info.ncdhhs.gov/dhsr/> • TEL: 919-855-3873

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

August 3, 2023

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

**RE: Exemption Request to Renovate Space at The Charlotte-Mecklenburg Hospital Authority  
d/b/a Atrium Health Pineville**

Dear Ms. Mitchell:

I am writing to inform you of The Charlotte-Mecklenburg Hospital Authority d/b/a Atrium Health Pineville's ("AH Pineville") plan to upfit approximately 30,000 square feet of shell space on the 6<sup>th</sup> floor of the new patient tower to accommodate 36 observation rooms and associated support space. The new patient tower, known as the Palmetto Tower, is located on the main campus of AH Pineville (see Attachment A).

AH Pineville previously submitted an exemption request for the construction of the 8-story Palmetto Tower on its main campus ("The 2018 Exemption Request"). Please see Attachment B for a copy of the 2018 Exemption Request as well as the Agency's response indicating that this project was exempt from Certificate of Need ("CON") review. Construction was completed and the Palmetto Tower opened in December 2021. As identified in the 2018 Exemption Request, the 6<sup>th</sup> floor of the Palmetto Tower was constructed as shell space, which AH Pineville now intends to upfit to house 36 observation rooms and necessary support space.

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."

As set forth in N.C.G.S. 131E-176(16)b, "Except as otherwise provided in G.S. 131E-184(e), the obligation by any person of a capital expenditure exceeding four million dollars (\$4,000,000) to develop or expand a health service or a health service facility, or which relates to the provision of a health service. The cost of any studies, surveys, designs, plans, working drawings, specifications, and other activities, including staff effort and consulting and other services, essential to the acquisition, improvement, expansion, or replacement of any plant or equipment with respect to which an expenditure is made shall be included in determining if the expenditure exceeds four

million dollars (\$4,000,000). Beginning September 30, 2022, and on September 30 each year thereafter, the cost threshold amount in this subdivision shall be adjusted using the Medical Care Index component of the Consumer Price Index published by the U.S. Department of Labor for the 12-month period preceding the previous September 1.”<sup>1</sup>

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:

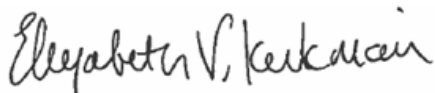
- a. The site of the main building from which a licensed health service facility provides clinical patient services and exercises financial and administrative control over the entire facility, including the buildings and grounds adjacent to that main building.
- b. Other areas and structures that are not strictly contiguous to the main building but are located within 250 yards of the main building.”

AH Pineville’s project to upfit the 6<sup>th</sup> floor of the Palmetto Tower to house 36 observation rooms and associated support space meets each of the applicable conditions set forth above. The estimated total capital cost of the project exceeds \$4,216,000. 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 AH Pineville provides clinical patient services and exercises financial and administrative control over the entire facility (see Attachment A). AH Pineville’s Facility Executive’s office is located on the ground floor of the main hospital building. Please see a copy of AH Pineville’s 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.

Based on the above facts, this project is exempt from Certificate of Need review. We are requesting that you confirm in writing that AH Pineville’s project to upfit the 6<sup>th</sup> floor of the Palmetto Tower, which is located on the hospital’s main campus, to accommodate observation rooms and associated support space is exempt from Certificate of Need review and that we may proceed as planned with this project.

Sincerely,



Elizabeth Kirkman  
Assistant Vice President  
Core Market Growth Business Development  
Atrium Health

cc: Alicia Campbell, Vice President & Facility Executive, AH Pineville

<sup>1</sup>The current cost threshold amount is \$4,216,000.

# Attachment A

**SITE PLAN COLOR KEY**

- EXISTING BUILDING
- PROJECT UNDER CONSTRUCTION
- RENOVATION



Site Plan

Atrium Health

07/27/2023

Level 06 Upfit

Atrium Health Pineville



# Attachment B



NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**

ROY COOPER • Governor

MANDY COHEN, MD, MPH • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

August 23, 2018

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

**Exempt from Review**

**Record #:** 2681  
**Facility Name:** Carolinas HealthCare System Pineville  
**FID #:** 110878  
**Business Name:** Mercy Hospital, Inc.  
**Business #:** 1220  
**Project Description:** Construct a patient tower connected to the main hospital building and renovate other spaces within the existing hospital building  
**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 August 15, 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.

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



August 15, 2018

Ms. Martha Frisone, Chief  
Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Service Center  
Raleigh, NC 27699-2704

**RE: Notice of Exemption for Mercy Hospital, Inc. d/b/a Carolinas HealthCare System Pineville Patient Tower**

Dear Ms. Frisone:

This letter serves as notification of Mercy Hospital, Inc. d/b/a Carolinas HealthCare System Pineville's ("CHS Pineville") intent to construct a patient tower on its main campus. CHS Pineville intends to construct an eight-story, approximately 269,000 square foot tower. The patient tower will be located on CHS Pineville's main campus, adjacent and connected to the existing hospital building. A diagram showing the site is as attached as Exhibit 1. The total capital cost of the patient tower is estimated to be \$153.8 million. Four of the floors will be built out and four floors will be shell space. The services proposed on each floor are as follows:

- Ground Floor – Loading Dock, Materials Management, Food Services, and Other Support Space
- Level 01 – Entry to Tower and Shell Space
- Level 02 – 36 Replacement Acute Care Beds
- Level 03 – 22 Replacement Acute Care Beds and 14 Observation Beds
- Level 04 – Shell
- Level 05 – Mechanical
- Level 06 – Shell
- Level 07 – Shell

The 58 licensed acute care beds planned for levels two and three of the patient tower will be relocated from their existing location on 2 East and 2 West. The vacated spaces will be decommissioned, with future use of the locations to be determined. As part of the project, CHS Pineville will renovate existing space within its hospital building including the reconfiguration of space in maternity services to extend corridors for patient circulation and provide connection with the proposed patient tower. CHS Pineville will also develop a temporary loading dock during the construction and relocate its mobile pad. The project will not increase the number of licensed beds, operating rooms, or other regulated assets, and CHS Pineville will file a certificate of need application for any additional new institutional health services that would be developed in any newly constructed space.



Pursuant to N.C. Gen. Stat. 131 E-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 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 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.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 patient tower project meets each of the applicable conditions set forth above. The estimated capital cost of the project exceeds \$2,000,000. The proposed project involves the expansion 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 (Hospital License # H0042, FID # 110878, see Exhibit 2 for the hospital license). CHS Pineville's President's office is located on the ground floor of the main hospital building.

The project will not result in 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 other than that allowed in G.S. 131E-176(16)b. 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. This letter constitutes the required prior written notice.

Based on the above facts, the project is exempt from certificate of need review. We are requesting that you confirm in writing that CHS Pineville's patient tower project is exempt from certificate of need review and that we may proceed as planned with this project.

Sincerely,

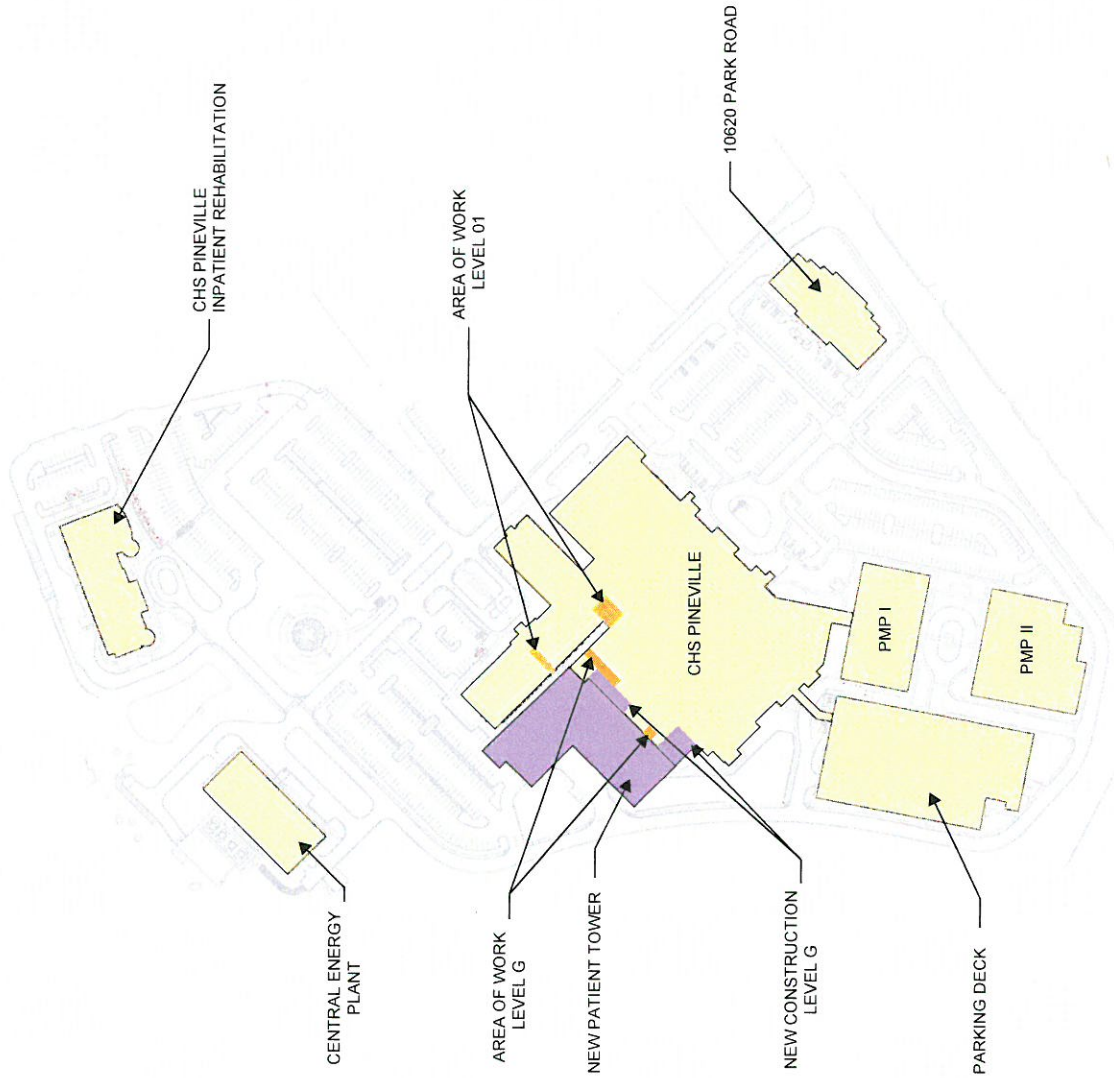


Elizabeth Kirkman  
Assistant Vice President  
CHS Strategic Services Group

# Exhibit 1

**COLOR KEY**

-  EXISTING BUILDING
-  RENOVATION
-  NEW CONSTRUCTION



# Exhibit 2

# State of North Carolina

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

*Effective January 01, 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: 235***

*General Acute 206, Rehabilitation 29,*

**Dedicated Inpatient Surgical Operating Rooms: 3**

**Dedicated Ambulatory Surgical Operating Rooms: 0**

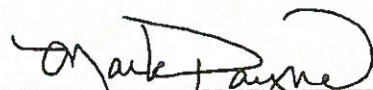
**Shared Surgical Operating Rooms: 9**

**Dedicated Endoscopy Rooms: 2**

Authorized by:



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



Director, Division of Health Service Regulation

# Attachment C

# State of North Carolina

Department of Health and Human Services  
Division of Health Service Regulation

*Effective January 1, 2023, this license is issued to*

*The Charlotte Mecklenburg Hospital Authority*

*to operate a hospital known as*

*Atrium Health Pineville*

*Atrium Health Steele Creek, Atrium Health Providence*

*located at Charlotte, NC, 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: 307**

**General Acute: 278    Rehabilitation: 29**

**Dedicated Inpatient Surgical Operating Rooms: 3**

**Shared Surgical Operating Rooms: 10**

**Dedicated Ambulatory Surgical Operating Rooms: 0**

**Dedicated Endoscopy Rooms: 2**

Authorized by:



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



Director, Division of Health Service Regulation

**From:** [Huber, Brigid K](#)  
**To:** [Stancil, Tiffany C](#); [Faenza, Julie M](#)  
**Subject:** [External] Exemption Request for The Charlotte-Mecklenburg Hospital Authority d/b/a Atrium Health Pineville  
**Date:** Thursday, August 3, 2023 3:13:29 PM  
**Attachments:** [2023 CMHA dba AH Pineville Palmetto Tower 6th Floor Upfit Exemption Request.pdf](#)

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**CAUTION:** External email. Do not click links or open attachments unless verified. Report suspicious emails with the Report Message button located on your Outlook menu bar on the Home tab.

Good afternoon,

Please find attached an exemption request submitted by The Charlotte-Mecklenburg Hospital Authority d/b/a Atrium Health Pineville (“AH Pineville”) to upfit space on the 6th floor of the new patient tower located on AH Pineville’s main campus.

Thank you, and please let me know if you have any questions.

Best,

Brigid

**Brigid Knoll Huber, MHA, ATC**

*Enterprise Strategy Partners*

Mobile: 724-986-6214

**Atrium Health**

*Carolinas HealthCare System is Atrium Health*

2709 Water Ridge Parkway, Suite 200, Charlotte, NC 28217

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