



NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

JOSH STEIN • Governor
DEV DUTTA SANGVAI • Secretary
MARK PAYNE • Director, Division of Health Service Regulation

VIA EMAIL ONLY

January 5, 2026

Gary S. Qualls
Gary.Qualls@klgates.com

No Review

Record #: 5047
Date of Request: December 18, 2025
Facility Name: Atrium Health Cleveland
FID #: 953106
Business Name: The Charlotte-Mecklenburg Hospital Authority
Business #: 1770
Project Description: Intra-corporate reorganization related to ownership and operation interests
County: Cleveland

Dear Mr. Qualls:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your correspondence regarding the project described above. Based on the representation in your request and the CON law in effect on the date of this response to your request, the project as described is not governed by, and therefore, does not currently require a certificate of need. If the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective.

This determination is binding only for the facts represented in your correspondence. If changes are made in the project or in the facts provided in the correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by this office. As a reminder, it is unlawful to offer or develop a new institutional health service without first obtaining a certificate of need. The Department reserves the right to impose sanctions, including civil penalties and the revocation of a license, upon any entity that offers or develops a new institutional health service without first obtaining a certificate of need.

Please do not hesitate to contact this office if you have any questions.

Sincerely,

Ena Light

Ena Lightbourne, Project Analyst

Micheala Mitchell

Micheala Mitchell, Chief

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

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

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MAILING ADDRESS: 1915 Health Services Way, 2704 Mail Service Center, Raleigh, NC 27699-2704
www.ncdhhs.gov/dhsr • TEL: 919-855-3873

December 18, 2025

Gary S. Qualls  
D 919.466.1182  
F 919.516.2072  
gary.qualls@klgates.com

**VIA E-MAIL**

Micheala Mitchell  
Chief, Certificate of Need  
NCDHHS, Division of Health Service Regulation  
Healthcare Planning and Certificate of Need Section  
1915 Health Services Way  
Raleigh, North Carolina 27607

Re: No Review Request / Exemption Notice For Transfer of Certain Interests in Atrium Health Cleveland To The Related Entity of Atrium Health Hospitals, Inc., a CMHA Subsidiary

Dear Ms. Mitchell:

We write to inform you of a transaction (the “Transaction”) where The Charlotte-Mecklenburg Hospital Authority (“CMHA”) plans to, on February 1, 2026, transfer certain interests in Atrium Health Cleveland (the “Hospital”) to Atrium Health Hospitals, Inc. (“AHH”), a CMHA subsidiary. For this Request, I represent CMHA, AHH, and Union Medical Services, LLC (all related parties).

The Transaction will entail the following proposed changes at Atrium Health Cleveland:

1. CMHA will transfer operations of the Hospital to AHH.
2. CMHA will transfer ownership of certain Hospital non-CON-regulated medical equipment and other assets to AHH.
3. However, CMHA will retain ownership of:
  - a. the real estate on which the Hospital is situated and the buildings housing the Hospital, and CMHA will lease the hospital space to AHH;
  - b. the CON rights to own and operate the Hospital and ownership of the equipment identified below that is CON-regulated or potentially CON-regulated.<sup>1</sup>

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<sup>1</sup> Some equipment may not have been CON regulated on its own. However, such equipment (or its predecessor equipment) might have once been acquired as part of a CON project.

CMHA will retain ownership of, and lease to AHH, the following Hospital equipment items:

- Two (2) MRI scanners
- One (1) linear accelerator
- One (1) cardiac catheterization unit
- One (1) simulator
- Four (4) CT scanners

We request that the North Carolina Department of Health and Human Services, Division of Health Service Regulation, Healthcare Planning and Certificate of Need Section (the “Agency”) confirm that the Transaction is either:

1. not reviewable under the North Carolina Certificate of Need (“CON”) law because the Transaction is simply an intra-organizational reorganization where the Hospital and CON ownership will not change, or (in the alternative);
2. exempt from review under the CON law’s exemption provisions in N.C. Gen. Stat. § 131E-184(a)(8).
3. Moreover, if necessary, we request the good cause transfer discussed below.

#### **I. No Review Request**

CMHA’s Transaction with AHH is not a CON reviewable event because such an event is not expressly addressed in any of the new institutional health service “CON triggers” in N.C. Gen. Stat. § 131E-176(16). Transferring the day-to-day operations of an existing health service facility is not included in the list of activities that constitute the development of a new institutional health service, requiring a CON. Nor does the transfer of non-CON regulated equipment to AHH trigger any new institutional health service definitions in the CON statute. Moreover, AHH is a subsidiary of CMHA, and thus the Transaction is entirely intra-organizational in any event.

Pursuant to the maxim of statutory construction *expressio unius est exclusio alterius*, those transactions not included in N.C. Gen. Stat. § 131E-176(16) -- such as this Transaction -- do not require a CON. See e.g., In re Miller, 357 N.C. 316, 325, 584 S.E.2d 772, 780 (2003) (stating that “[u]nder the doctrine of *expressio unius est exclusio alterius*, when a statute lists the situation to which it applies, it implies the exclusion of situations not contained in the list”); see also Jackson v. A Woman’s Choice, Inc., 130 N.C. App. 590, 594, 503 S.E.2d 422, 425 (1998) (internal citations omitted) (“[W]here a statute is explicit on its face, the courts have no authority to impose restrictions that the statute does not expressly contain.”). Therefore, we request your confirmation that the Transaction is not subject to CON review.

As precedent for such a request, the Agency has recently determined that similar AHH transactions involving other CMHA hospitals are non-reviewable events. *See* Exhibit 1 (June 9, 2025 No Review Approval of Atrium Health Stanly’s AHH Transaction) and Exhibit 2 (June 4, 2025 No Review Approval of Atrium Health Anson’s AHH Transaction). This current Transaction involving Atrium Health Cleveland is patterned after Atrium Health Stanly’s and Atrium Health Anson’s AHH Transactions.

## **II. Exemption Notice (If Transaction Deemed CON Reviewable)**

However, if the Agency treats the Transaction as the acquisition of the Hospital (as a health service facility), and thus CON reviewable, this letter serves as an exemption notice of AHH’s acquisition of the Hospital, pursuant to N.C. Gen. Stat. § 131E-184(a)(8). The General Assembly has chosen to exempt certain, otherwise reviewable, events from CON review, including the acquisition of an existing health service facility, including the equipment owned by the health service facility at the time of the acquisition. *See* N.C. Gen. Stat. § 184(a)(8). Under N.C. Gen. Stat. § 131E-176(9b), the Hospital constitutes a “health service facility.”

Accordingly, given that the Transaction involves only the Hospital, which is an existing health service facility, even if the Agency deems the Transaction to trigger a new institutional health service definition, the Transaction is nevertheless exempt from CON review.

## **III. Good Cause Transfer (If Necessary) For Undeveloped AH Imaging Shelby Diagnostic Center.**

A CON project involving Hospital assets is currently under development by Union Medical Services, LLC d/b/a Atrium Health Imaging Shelby (“UMS”),<sup>2</sup> identified as F-12413-23 (the “AH Imaging Shelby Project”). *See* CON and CON Application Excerpts attached hereto as Exhibits 3 and 4, respectively. That AH Imaging Shelby Project entails the following:

- UMS was awarded an MRI Scanner pursuant to the 2023 SMFP’s Cleveland County MRI need determination, which is proposed to be a part of the AH Imaging Shelby Project.
- Currently, and at the time of that AH Imaging Shelby CON application, the Hospital operated the following equipment at 315 Weathers Street in Shelby:
  - One CT scanner
  - One unit of fixed X-ray equipment
  - Two diagnostic ultrasound units

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<sup>2</sup> UMS is wholly owned by CMHA.

- Two units of mammography equipment
- One unit of bone densitometry equipment (DEXA scanner)  
(collectively, the “AH Imaging Shelby Equipment”).
- The CON application for the AH Imaging Shelby Project proposed that UMS would:
  - acquire the MRI Scanner awarded pursuant to the 2023 SMFP need determination;
  - acquire the AH Imaging Shelby Equipment (listed above) from CMHA;<sup>3</sup> and
  - develop a freestanding diagnostic center with that equipment.

*See Exhibit 3 and Exhibit 4.*

Thus, even though the CON applicant and CON holder for the AH Imaging Shelby Project is UMS, most of the AH Imaging Shelby Equipment to be transferred to UMS upon CON project completion is currently owned by CMHA and operated as part of the Hospital.

If the Transaction is considered to be a transfer of certain equipment that will be part of the AH Imaging Shelby Project CON, we are requesting approval for a “good cause” transfer of this CON under N.C. Gen. Stat. § 131E-189. We believe that good cause exists for such a transfer (assuming it is a transfer).

Good cause exists for the AH Imaging Shelby transfer because: (a) the larger purposes of the Transaction are wholly unrelated to the pending AH Imaging Shelby Project; and (b) the Hospital’s assets to be converted as part of the AH Imaging Shelby Project will still convert to the diagnostic center, which will be accomplished after this AHHI Transaction. In other words, the assets to be converted will only temporarily be a part of AHH.

Moreover, nothing about this Transaction will affect the ability of UMS to materially comply with any representations in its AH Imaging Shelby CON application or the CON conditions placed on the AH Imaging Shelby Project. In all material respects, the operations and development of this AH Imaging Shelby will be the same as represented in the AH Imaging Shelby Project CON application and in compliance with the issued CON.

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<sup>3</sup> CMHA is not conveying to UMS two units of fixed fluoroscopy X-ray equipment that currently operate as part of the hospital at that 315 Weathers Street location.

**CONCLUSION**

Based upon the foregoing information, we hereby request the Agency's confirmation that the Transaction:

1. is not CON reviewable because it does not trigger any of the new institutional health service definitions, or (alternatively);
2. is exempt from CON review under N.C. Gen. Stat § 131E-184(a)(8); and
3. good cause exists, if necessary, for the transfer of the AH Imaging Shelby Project assets being temporarily transferred to AHH before being acquired by UMS.

We project that the Transaction will be effective February 1, 2026. Thank you for your assistance in regard to this matter. Please feel free to contact me at the number above if you have any questions or need further information.

Sincerely,

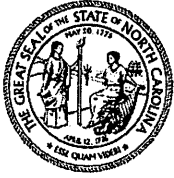


Gary S. Qualls

**Exhibits**

1. June 9, 2025 No Review Approval of Atrium Health Stanly's AHH Transaction (together with May 27, 2025 Request).
2. June 4, 2025 No Review Approval of Atrium Health Anson's AHH Transaction (together with May 27, 2025 Request).
3. CON for Union Medical Services' establishment of Atrium Health Imaging Shelby as freestanding diagnostic center (Project I.D. No. C-12413-23)
4. CON Application excerpts for Union Medical Services' establishment of Atrium Health Imaging Shelby as freestanding diagnostic center (Project I.D. No. C-12413-23)

# Exhibit 1



NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**

JOSH STEIN • Governor  
DEV DUTTA SANGVAI • Secretary  
MARK PAYNE • Director, Division of Health Service Regulation

VIA EMAIL ONLY

June 9, 2025

Gary S. Qualls  
[Gary.qualls@klgates.com](mailto:Gary.qualls@klgates.com)

**No Review**

**Record #:** 4801  
**Date of Request:** May 27, 2025  
**Facility Name:** Atrium Health Stanly  
**FID #:** 953472  
**Business Name:** The Charlotte-Mecklenburg Hospital Authority  
**Business #:** 1770  
**Project Description:** Intra-corporate reorganization related to ownership and operation interests  
**County:** Stanly

Dear Mr. Qualls:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your correspondence regarding the project described above. Based on the representation in your request and the CON law **in effect on the date of this response to your request**, the project as described is not governed by, and therefore, does not currently require a certificate of need. If the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective.

This determination is binding only for the facts represented in your correspondence. If changes are made in the project or in the facts provided in the correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by this office. **As a reminder, it is unlawful to offer or develop a new institutional health service without first obtaining a certificate of need. The Department reserves the right to impose sanctions, including civil penalties and the revocation of a license, upon any entity that offers or develops a new institutional health service without first obtaining a certificate of need.**

Please do not hesitate to contact this office if you have any questions.

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

Gary S. Qualls  
June 9, 2025  
Page 2

Sincerely,

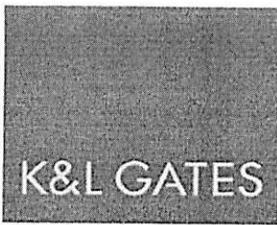


Gregory F. Yakaboski  
Project Analyst



Micheala Mitchell  
Chief

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



May 27, 2025

Gary S. Qualls  
D 919.466.1182  
F 919.516.2072  
gary.qualls@klgates.com

VIA E-MAIL

Micheala Mitchell  
Chief, Certificate of Need  
NCDHHS, Division of Health Service Regulation  
Healthcare Planning and Certificate of Need Section  
809 Ruggles Drive  
Raleigh, North Carolina 27603

Re: No Review / Exemption Notice for Atrium Health Stanly

Dear Ms. Mitchell:

This letter is to inform you of a proposed transaction (the "Transaction") where The Charlotte-Mecklenburg Hospital Authority ("CMHA") plans to transfer certain interests in Atrium Health Stanly (the "Hospital") to Atrium Health Hospitals, Inc. ("AHH"), a CMHA subsidiary. Effective July 1, 2025, the Transaction entails the following proposed changes at Atrium Health Stanly:

1. CMHA will transfer operations of the Hospital to AHH.
2. CMHA will transfer ownership of certain Hospital non-CON-regulated medical equipment and other assets to AHH.
3. However, CMHA will retain ownership of:
  - a. the real estate on which the Hospital is situated and the buildings housing the Hospital, and CMHA will lease the hospital space to AHH;
  - b. the CON rights to own and operate the Hospital and ownership of the equipment identified below that is CON-regulated or potentially CON-regulated.<sup>1</sup>

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<sup>1</sup> Some equipment may not have been CON regulated on its own. However, such equipment (or its predecessor equipment) might have been acquired years ago and might have been part of a larger project. We are conservatively assuming that certain equipment might have been regulated at some point in the past, and CMHA is thus retaining ownership of such equipment to streamline this process and to avoid any doubt. This equipment demarcation is not a representation that any of the named equipment is currently CON regulated.

CMHA will retain ownership of the following Hospital equipment items:

- One (1) Linear Accelerator;
- One (1) MRI Scanner;
- Two (2) CT Scanners;
- Four (4) Ultrasound Units;
- Six (6) Combined Fluoroscopy / C-Arm Units;
- Two (2) Mammography Units;
- Two (2) Nuclear Medicine Cameras;
- Four (4) X-Ray Units; and
- One (1) Bone Density Unit.

We request that the North Carolina Department of Health and Human Services, Division of Health Service Regulation, Healthcare Planning and Certificate of Need Section (the "Agency") confirm that the Transaction is either:

1. not reviewable under the North Carolina Certificate of Need ("CON") law because the Transaction is simply an intra-corporate reorganization where the Hospital and CON ownership will not change, or (in the alternative);
2. exempt from review under the CON law's exemption provisions in N.C. Gen. Stat. § 131E-184(a)(8).

#### **I. No Review Request**

CMHA's Transaction with AHH is not a CON reviewable event because such an event is not expressly addressed in any of the new institutional health service "CON triggers" in N.C. Gen. Stat. § 131E-176(16). Transferring the day-to-day operations of an existing health service facility is not included in the list of activities that constitute the development of a new institutional health service, requiring a CON. Nor does the transfer of non-CON regulated equipment to AHH trigger any new institutional health service definitions in the CON statute. Moreover, AHH is a subsidiary of CMHA, and thus the Transaction is entirely intra-organizational in any event.

Pursuant to the maxim of statutory construction *expressio unius est exclusio alterius*, those transactions not included in N.C. Gen. Stat. § 131E-176(16) -- such as this Transaction -- do not require a CON. See e.g., In re Miller, 357 N.C. 316, 325, 584 S.E.2d 772, 780 (2003) (stating that "[u]nder the doctrine of *expressio unius est exclusio alterius*, when a statute lists the situation to which it applies, it implies the exclusion of situations not contained in the list"); see also Jackson v. A Woman's Choice, Inc., 130 N.C. App. 590, 594, 503 S.E.2d 422, 425 (1998) (internal citations omitted) ("[W]here a statute is explicit on its face, the courts have no authority to impose restrictions that the statute does not expressly contain.").

Therefore, we request your confirmation that the Transaction is not subject to CON review.

**II. Exemption Notice (If Transaction Deemed CON Reviewable)**

However, if the Agency treats the Transaction as the acquisition of the Hospital (as a health service facility), and thus CON reviewable, this letter serves as an exemption notice of AHH's acquisition of the Hospital, pursuant to N.C. Gen. Stat. § 131E-184(a)(8). The General Assembly has chosen to exempt certain, otherwise reviewable, events from CON review, including the acquisition of an existing health service facility, including the equipment owned by the health service facility at the time of the acquisition. See N.C. Gen. Stat. § 184(a)(8). Under N.C. Gen. Stat. § 131E-176(9b), the Hospital constitutes a "health service facility."

Accordingly, given that the Transaction involves only the Hospital, which is an existing health service facility, even if the Agency deems the Transaction to trigger a new institutional health service definition, the Transaction is nevertheless exempt from CON review.

**CONCLUSION**

Based upon the foregoing information, we hereby request the Agency's confirmation that the Transaction:

1. is not CON reviewable because it does not trigger any of the new institutional health service definitions, or (alternatively);
2. is exempt from CON review under N.C. Gen. Stat § 131E-184(a)(8).

The effective Transaction date is currently anticipated to be July 1, 2025. Thank you for your assistance in regard to this matter. Please feel free to contact me at the number above if you have any questions or need further information.

Sincerely,



Gary S. Qualls

# Exhibit 2



NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

JOSH STEIN • Governor
DEV DUTTA SANGVAI • Secretary
MARK PAYNE • Director, Division of Health Service Regulation

VIA EMAIL ONLY

June 4, 2025

Mr. Gary S. Qualls
Gary.qualls@klgates.com

No Review

Record #: 4794
Date of Request: May 27, 2025
Facility Name: Atrium Health Anson
FID #: 120335
Business Name: The Charlotte-Mecklenburg Hospital Authority
Business #: 1770
Project Description: Transfer of operations and sale and leaseback of medical equipment
County: Anson

Dear Mr. Qualls:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your correspondence regarding the project described above. Based on the representation in your request and the CON law in effect on the date of this response to your request, the project as described is not governed by, and therefore, does not currently require a certificate of need. If the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective.

This determination is binding only for the facts represented in your correspondence. If changes are made in the project or in the facts provided in the correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by this office. As a reminder, it is unlawful to offer or develop a new institutional health service without first obtaining a certificate of need. The Department reserves the right to impose sanctions, including civil penalties and the revocation of a license, upon any entity that offers or develops a new institutional health service without first obtaining a certificate of need. Please do not hesitate to contact this office if you have any questions.

Sincerely,

Tanya M. Saporito
Tanya M. Saporito, Project Analyst

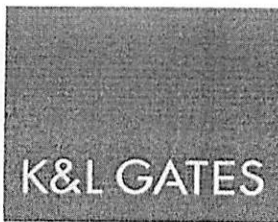
Micheala Mitchell

Micheala Mitchell, Chief

cc: 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



May 27, 2025

Gary S. Qualls  
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gary.qualls@klgates.com

VIA E-MAIL

Micheala Mitchell  
Chief, Certificate of Need  
NCDHHS, Division of Health Service Regulation  
Healthcare Planning and Certificate of Need Section  
809 Ruggles Drive  
Raleigh, North Carolina 27603

Re: No Review / Exemption Notice for Atrium Health Anson

Dear Ms. Mitchell:

This letter is to inform you of a proposed transaction (the “Transaction”) where The Charlotte-Mecklenburg Hospital Authority (“CMHA”) plans to transfer certain interests in Atrium Health Anson (the “Hospital”) to Atrium Health Hospitals, Inc. (“AHH”), a CMHA subsidiary. Effective July 1, 2025, the Transaction entails the following proposed changes at Atrium Health Anson:

1. CMHA will transfer operations of the Hospital to AHH.
2. CMHA will transfer ownership of certain Hospital non-CON-regulated medical equipment and other assets to AHH.
3. However, CMHA will retain ownership of:
  - a. the real estate on which the Hospital is situated and the buildings housing the Hospital, and CMHA will lease the hospital space to AHH;
  - b. the CON rights to own and operate the Hospital and ownership of the equipment identified below that is CON-regulated or potentially CON-regulated.<sup>1</sup>

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<sup>1</sup> Some equipment may not have been CON regulated on its own. However, such equipment (or its predecessor equipment) might have been acquired years ago and might have been part of a larger project. We are conservatively assuming that certain equipment might have been regulated at some point in the past, and CMHA is thus retaining ownership of such equipment to streamline this process and to avoid any doubt. This equipment demarcation is not a representation that any of the named equipment is currently CON regulated.

CMHA will retain ownership of, and lease to AHH, the following Hospital equipment items:

- One (1) CT Scanner;
- One (1) Ultrasound Unit;
- One (1) Mammography Unit;
- Two (2) Fixed X-Ray Units; and
- One (1) C-Arm Unit.

We request that the North Carolina Department of Health and Human Services, Division of Health Service Regulation, Healthcare Planning and Certificate of Need Section (the "Agency") confirm that the Transaction is either:

1. not reviewable under the North Carolina Certificate of Need ("CON") law because the Transaction is simply an intra-corporate reorganization where the Hospital and CON ownership will not change, or (in the alternative);
2. exempt from review under the CON law's exemption provisions in N.C. Gen. Stat. § 131E-184(a)(8).

**I. No Review Request**

CMHA's Transaction with AHH is not a CON reviewable event because such an event is not expressly addressed in any of the new institutional health service "CON triggers" in N.C. Gen. Stat. § 131E-176(16). Transferring the day-to-day operations of an existing health service facility is not included in the list of activities that constitute the development of a new institutional health service, requiring a CON. Nor does the transfer of non-CON regulated equipment to AHH trigger any new institutional health service definitions in the CON statute. Moreover, AHH is a subsidiary of CMHA, and thus the Transaction is entirely intra-organizational in any event.

Pursuant to the maxim of statutory construction *expressio unius est exclusio alterius*, those transactions not included in N.C. Gen. Stat. § 131E-176(16) -- such as this Transaction -- do not require a CON. See e.g., In re Miller, 357 N.C. 316, 325, 584 S.E.2d 772, 780 (2003) (stating that "[u]nder the doctrine of *expressio unius est exclusio alterius*, when a statute lists the situation to which it applies, it implies the exclusion of situations not contained in the list"); see also Jackson v. A Woman's Choice, Inc., 130 N.C. App. 590, 594, 503 S.E.2d 422, 425 (1998) (internal citations omitted) ("[W]here a statute is explicit on its face, the courts have no authority to impose restrictions that the statute does not expressly contain.").

Therefore, we request your confirmation that the Transaction is not subject to CON review.

## **II. Exemption Notice (If Transaction Deemed CON Reviewable)**

However, if the Agency treats the Transaction as the acquisition of the Hospital (as a health service facility), and thus CON reviewable, this letter serves as an exemption notice of AHH's acquisition of the Hospital, pursuant to N.C. Gen. Stat. § 131E-184(a)(8). The General Assembly has chosen to exempt certain, otherwise reviewable, events from CON review, including the acquisition of an existing health service facility, including the equipment owned by the health service facility at the time of the acquisition. See N.C. Gen. Stat. § 184(a)(8). Under N.C. Gen. Stat. § 131E-176(9b), the Hospital constitutes a "health service facility."

Accordingly, given that the Transaction involves only the Hospital, which is an existing health service facility, even if the Agency deems the Transaction to trigger a new institutional health service definition, the Transaction is nevertheless exempt from CON review.

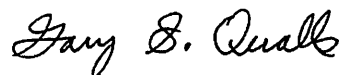
### **CONCLUSION**

Based upon the foregoing information, we hereby request the Agency's confirmation that the Transaction:

1. is not CON reviewable because it does not trigger any of the new institutional health service definitions, or (alternatively);
2. is exempt from CON review under N.C. Gen. Stat § 131E-184(a)(8).

The effective Transaction date is currently anticipated to be July 1, 2025. Thank you for your assistance in regard to this matter. Please feel free to contact me at the number above if you have any questions or need further information.

Sincerely,



Gary S. Qualls

# Exhibit 3

# State of North Carolina

Department of Health and Human Services  
Division of Health Service Regulation

## Certificate of Need

for

Project ID #: C-12413-23

FID #: 230717

**ISSUED TO:** Union Medical Services, LLC

Pursuant to G.S. 131E-177(6), the North Carolina Department of Health and Human Services hereby authorizes the person or persons named above (the certificate holder) to develop the project described below. The certificate holder shall develop the project in a manner consistent with the representations in the application and with the conditions contained herein and shall make good faith efforts to meet the timetable contained herein, as documented by the periodic progress reports required by G.S. 131E-189(a). The certificate holder shall not exceed the maximum capital expenditure amount specified herein during the development of this project, except as provided by G.S. 131E-176(16)e. The certificate holder shall not transfer or assign this certificate to any other person except as provided in G.S. 131E-189(c). This certificate is valid only for the scope, physical location, and person(s) described herein. The Department may withdraw this certificate pursuant to G.S. 131E-189 for any of the reasons provided in that section.

**SCOPE:** Acquire no more than one fixed MRI scanner pursuant to the 2023 SMFP need determination and develop a freestanding diagnostic center / Cleveland County

**CONDITIONS:** See Reverse Side

**PHYSICAL LOCATION:** Atrium Health Imaging Shelby  
315 Weathers Street  
Shelby, NC 28150

**CAPITAL EXPENDITURE:** \$5,517,000

**TIMETABLE:** See Reverse Side

**FIRST PROGRESS REPORT DUE:** July 1, 2024

This certificate is effective as of February 23, 2024

*Micheala Mitchell*

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Micheala Mitchell, Chief

**CONDITIONS:**

- 1. Union Medical Services, LLC (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
- 2. The certificate holder shall acquire no more than one fixed MRI scanner pursuant to the need determination in the 2023 SMFP to be located at Atrium Health Imaging Shelby.**
- 3. Upon project completion, Atrium Health Imaging Shelby shall be licensed for no more than one fixed MRI scanner, one CT scanner, one unit of fixed X-ray equipment, two diagnostic ultrasounds, two units of mammography equipment, and one unit of bone density equipment (DEXA scanner).**
- 4. The certificate holder shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.**
- 5. Progress Reports:**
  - a. Pursuant to G.S. 131E-189(a), the certificate holders shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
  - b. The certificate holder shall complete all sections of the Progress Report form.**
  - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
  - d. The first progress report shall be due on July 1, 2024.**
- 6. The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
- 7. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**

**A letter acknowledging acceptance of and agreeing to comply with all conditions stated in the conditional approval letter was received by the Agency on January 30, 2024.**

(C-12413-23 Con't)

**Timetable**

	<b>Milestone</b>	<b>Date</b> <i>mm/dd/yyyy</i>
<b>2</b>	<b>Drawings Completed</b>	<b>07/22/2024</b>
<b>4</b>	<b>Construction / Renovation Contract(s) Executed</b>	<b>08/26/2024</b>
<b>5</b>	<b>25% of Construction / Renovation Completed (25% of the cost is in place)</b>	<b>10/07/2024</b>
<b>6</b>	<b>50% of Construction / Renovation Completed</b>	<b>11/18/2024</b>
<b>7</b>	<b>75% of Construction / Renovation Completed</b>	<b>12/23/2024</b>
<b>8</b>	<b>Construction / Renovation Completed</b>	<b>01/27/2025</b>
<b>9</b>	<b>Equipment Ordered</b>	<b>05/20/2024</b>
<b>10</b>	<b>Equipment Installed</b>	<b>01/06/2025</b>
<b>11</b>	<b>Equipment Operational</b>	<b>02/01/2025</b>
<b>12</b>	<b>Building / Space Occupied</b>	<b>03/01/2025</b>
<b>14</b>	<b>Services Offered</b>	<b>03/01/2025</b>
<b>15</b>	<b>Medicare and / or Medicaid Certification Obtained</b>	<b>05/15/2025</b>
<b>16</b>	<b>Facility or Service Accredited</b>	<b>05/15/2025</b>

# Exhibit 4



# Atrium Health

**Atrium Health Imaging Shelby**

**Fixed MRI**

**Certificate of Need**

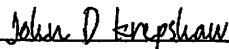
**Application & Exhibits**

**August 15, 2023**

## CERTIFICATION PAGE

(Include this Certification Page as part of your application)

There are tables for up to three applicants. If there are more than three applicants, copy the first table, insert it below the third table, and change the 1s to 4s. Repeat this process if there are more than four applicants.

<b>The undersigned hereby certifies that the information included in this application form is correct to the best of my knowledge and belief and that the applicant intends to develop and offer the proposed new institutional health service(s) within the timeframe proposed in Section P and as described in the application.</b>	
Legal Name of Applicant 1 *	Union Medical Services, LLC
Name of the Person Certifying for Applicant 1 (print/type name)	John Krepshaw
Title	Vice President
Signature **	
Date Signed	8/8/2023   09:53:18 EDT

\* This should match the name provided in Section A, Question 1.

\*\* Inserting a picture of your signature is acceptable.

<b>The undersigned hereby certifies that the information included in this application form is correct to the best of my knowledge and belief and that the applicant intends to develop and offer the proposed new institutional health service(s) within the timeframe proposed in Section P and as described in the application.</b>	
Legal Name of Applicant 2 *	
Name of the Person Certifying for Applicant 2 (print/type name)	
Title	
Signature **	
Date Signed	

\* This should match the name provided in Section A, Question 1.

\*\* Inserting a picture of your signature is acceptable.

<b>The undersigned hereby certifies that the information included in this application form is correct to the best of my knowledge and belief and that the applicant intends to develop and offer the proposed new institutional health service(s) within the timeframe proposed in Section P and as described in the application.</b>	
Legal Name of Applicant 3 *	
Name of the Person Certifying for Applicant 3 (print/type name)	
Title	
Signature **	
Date Signed	

\* This should match the name provided in Section A, Question 1.

\*\* Inserting a picture of your signature is acceptable.

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## SECTION C - CRITERION (3)

G.S. 131E-183(a)(3)

*"The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed."*

For change of scope or cost overrun proposals, skip to Section C, Question 8.

### Scope of the Project

1. Identify and describe each service component included in this proposal. Your response should include but not be limited to describing the type and number of existing, approved, and proposed health service facility beds, health services, hospital services, or medical equipment included in this proposal.

### **PROJECT OVERVIEW**

Pursuant to the need determination identified in the 2023 SMFP for one additional fixed MRI scanner to be located in Cleveland County, UMS proposes to develop one fixed MRI scanner at the location of the existing hospital-based outpatient imaging center, Atrium Health Cleveland Imaging. As part of the proposed project, the existing units of medical diagnostic equipment at Atrium Health Cleveland Imaging (excluding two units of non-operational fluoroscopic X-ray equipment) will be acquired by UMS and combined with the proposed fixed MRI scanner to create a new freestanding diagnostic center at the same location, Atrium Health Imaging Shelby.

### **BACKGROUND**

Atrium Health Cleveland Imaging is an existing hospital-based outpatient imaging center that currently houses one CT scanner, one unit of fixed X-ray equipment, two units of fixed fluoroscopic X-ray equipment, two diagnostic ultrasounds, two units of mammography equipment, and one unit of bone density equipment (DEXA scanner). Of note, the 2023 SMFP incorrectly attributes the existing fixed MRI scanner and associated volume at Atrium Health Kings Mountain to "Cleveland Advanced Imaging Center"; Atrium Health Cleveland Imaging does not currently operate a fixed MRI scanner.<sup>9</sup> In addition, the two existing units of fluoroscopic X-ray equipment at Atrium Health Cleveland Imaging have not been operational since October of 2020 as there has been insufficient physician coverage to provide fluoroscopy services at both the hospital and the imaging center.<sup>10</sup> Although still physically located within the existing facility, prior to initiation of the proposed project both units of existing fluoroscopic X-ray equipment will be removed from the facility and the space they occupy at Atrium Health Cleveland Imaging will be renovated to house the proposed fixed MRI scanner. The other existing medical diagnostic equipment at Atrium Health Cleveland Imaging will be included in the new diagnostic center (Atrium Health Imaging Shelby) and will continue to operate in the same physical space it operates in today. UMS, wholly owned by CMHA, will acquire the equipment from CMHA and become the new owner/operator of the equipment. The value of the existing equipment acquisition by UMS is included in the capital costs on Form F.1a.

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<sup>9</sup> Please see Exhibit G.1-2 for the 2023 HLRA for the Atrium Health Cleveland campuses. Pages 34-35 note the location of the second fixed MRI scanner as the Atrium Health Kings Mountain campus and page 37 confirms that there is no fixed MRI scanner at the Atrium Health Cleveland Imaging campus.

<sup>10</sup> Fluoroscopy requires a radiologist to be on-site to administer the procedure and interpret the images that are being obtained.

### ***PROPOSED SERVICES***

Following the proposed project, UMS will operate at Atrium Health Imaging Shelby one fixed MRI scanner, one CT scanner, one unit of fixed X-ray equipment, two diagnostic ultrasounds, two units of mammography equipment, and one unit of bone density equipment (DEXA scanner). As discussed in Section C.4, the proposed MRI scanner at Atrium Health Imaging Shelby will be the first freestanding fixed MRI scanner in Cleveland County, providing a lower cost, convenient option for MRI services. Similarly, the existing imaging services will operate as the county's first freestanding diagnostic center. The diagnostic center will operate from 8am until 4:30pm, Monday through Friday, with extended hours as necessary to accommodate patient demand.

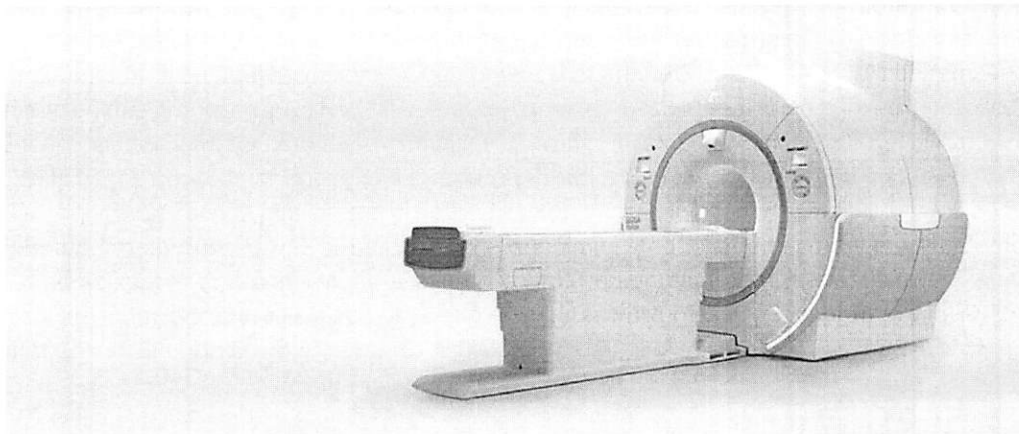
Though UMS does not expect any disruption in service, there will be a transition period as the facility converts from a hospital-based center to a freestanding diagnostic center (certified as an Independent Diagnostic and Treatment Facility, "IDTF"). Included in the schedule in Section P is an estimate of 75 days between opening as diagnostic center until certification is received.

### ***PROPOSED RENOVATION***

Atrium Health Cleveland Imaging currently operates in leased space within an existing medical office building at 315 Weathers Street, which houses the existing medical diagnostic equipment listed previously. Also mentioned previously, most of the existing medical diagnostic equipment will continue to operate in the same physical space it operates in today following the proposed project. The only exception is the two existing units of fixed fluoroscopic X-ray equipment that are not in service and will be removed prior to development of the proposed project. The spaces currently designated for the fixed fluoroscopic X-ray equipment are shaded in orange on the existing line drawings included in Exhibit C.1-1. This unused area on Level 01 will be renovated to house the proposed fixed MRI scanner and associated support space. Specifically, the area shaded in pink on the proposed line drawings included in Exhibit C.1-1 will be renovated to accommodate the proposed MRI scanner and the remaining areas shaded in orange will be renovated to serve as support spaces and will include a control room, equipment room, dressing room, waiting area, workspace, bathroom, and storage space. All costs associated with these renovations are included in Form F.1a Capital Cost in Section Q.

### ***PROPOSED EQUIPMENT***

UMS is proposing to acquire for Atrium Health Imaging Shelby a new GE SIGNA Voyager 1.5T, pictured below.



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The SIGNA Voyager 1.5T is a 70cm wide-bore MRI scanner that offers the latest in MRI technology. The wide bore provides a much more comfortable experience, especially for bariatric and claustrophobic patients. In addition, the SIGNA Voyager 1.5T has one of the smallest mechanical footprints of any wide bore 1.5T MR system in the industry, substantially lowering setup costs. It also has one of the lowest power consumption levels in the industry which is favorable for the environment and ensures operating costs stay low.<sup>11</sup> Lastly, the scanner has new coil technology and AIR™ Recon DL which allows for a 20 to 30 percent increase in image quality and an overall reduction in scan time, improving wait times and patient satisfaction.

Please see Exhibit C.1-2 for an equipment quote for the proposed equipment.

### ***SUMMARY***

In summary, UMS proposes to acquire one fixed MRI scanner to be located in existing, unused space within Atrium Health Cleveland Imaging (to be renamed Atrium Health Imaging Shelby). As part of the proposed project, the existing units of medical diagnostic equipment at Atrium Health Cleveland Imaging (excluding two units of fluoroscopic X-ray equipment) will be acquired by UMS and combined with the proposed fixed MRI scanner to create a new freestanding diagnostic center (Atrium Health Imaging Shelby). The medical diagnostic equipment to be operated at Atrium Health Imaging Shelby that is valued at \$10,000 or greater will exceed \$3,000,000 in aggregate following the proposed project, thereby requiring certificate of need approval to be designated as a diagnostic center as defined in N.C. Gen. Stat. § 131E-176(7a). Please see Section C.4 for a discussion of the qualitative need for the proposed project.

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<sup>11</sup> <https://www.gehealthcare.com/products/magnetic-resonance-imaging/1-5t/signa-voyager>

**From:** [Mitchell, Micheala L](#)  
**To:** [Stancil, Tiffany C](#)  
**Subject:** FW: [External] No Review Request / Exemption Notice For Transfer of Certain Interests in Atrium Health Cleveland To The Related Entity of Atrium Health Hospitals, Inc., a CMHA Subsidiary  
**Date:** Thursday, December 18, 2025 2:31:43 PM  
**Attachments:** [12182025.pdf](#)  
[image001.png](#)

---

Would you mind logging this exemption and assigning to Ena?

Thanks,

Micheala

**Micheala Mitchell, JD**

*(she/her/hers)*

Section Chief, Healthcare Planning and CON Section  
Division of Health Service Regulation  
North Carolina Department of Health and Human Services

Physical Address:

1915 Health Services Way, 2<sup>nd</sup> Floor  
Raleigh, NC 27607



2704 Mail Service Center  
Raleigh, NC 27699-2704

Office: 919 855 3879

[Micheala.Mitchell@dhhs.nc.gov](mailto:Micheala.Mitchell@dhhs.nc.gov)

—  
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---

**From:** Qualls, Gary <Gary.Qualls@klgates.com>  
**Sent:** Thursday, December 18, 2025 1:10 PM  
**To:** Mitchell, Micheala L <Micheala.Mitchell@dhhs.nc.gov>  
**Subject:** [External] No Review Request / Exemption Notice For Transfer of Certain Interests in Atrium

Health Cleveland To The Related Entity of Atrium Health Hospitals, Inc., a CMHA Subsidiary

**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.

Micheala:

Please accept for filing the attached No Review Request / Exemption Notice For Transfer of Certain Interests in Atrium Health Cleveland To The Related Entity of Atrium Health Hospitals, Inc., a CMHA Subsidiary.

This letter is different from the one I sent a few minutes ago. They look similar, so I wanted to point out the difference to avoid confusion. This attached letter pertains to Atrium Health **Cleveland**, whereas the prior letter pertained to Atrium Health **Lincoln**.

Please confirm receipt for my records. As always, do not hesitate to let me know if you have any questions.

Thanks

Gary

**Gary S. Qualls**

Partner

K&L Gates LLP

430 Davis Drive, Suite 400

Morrisville, NC 27560

Phone: 919-466-1182

Fax: 919-516-2072

[gary.qualls@klgates.com](mailto:gary.qualls@klgates.com)

[www.klgates.com](http://www.klgates.com)

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