



**North Carolina Department of Health and Human Services
Division of Mental Health, Developmental Disabilities and Substance Abuse Services**

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Michael F. Easley, Governor
Dempsey Benton, Secretary

Michael S. Lancaster, M.D. and
Leza Wainwright, Directors

September 25, 2008

MEMORANDUM

TO: Central Regional Hospital Staff
Dorothea Dix Hospital Staff

FROM: Michael Lancaster, MD

Leza Wainwright

SUBJECT: Merger

Handwritten signatures of Michael Lancaster and Leza Wainwright.

Over the past several years as we have planned for the merger of Dorothea Dix (DDH) and John Umstead Hospitals (JUH) into the new Central Regional Hospital (CRH), according to the direction approved by the General Assembly, we have developed a new organizational and management structure for CRH. An executive staff was formed from leadership of the two facilities. That executive staff designed new policies and procedures for the merged facility and hired the next level of management staff from within the staff of JUH and DDH. New oversight and advisory groups have been formed, including the Medical Staff and Human Rights Committee, comprised of representatives of both facilities, to assist in management of the new organization.

That new structure became operational when the patients formerly served at JUH moved into CRH. We had planned to complete the transition when the move of patients and staff from DDH was finalized. However, we were advised yesterday by regulatory staff under contract to the federal Centers for Medicare and Medicaid Services (CMS) that our delay in fully implementing the new organizational structure and continuing to operate as if DDH was a separate entity from CRH put our participation in the Medicare and Medicaid program at both facilities in jeopardy since it represented a violation of the Conditions of Participation.

Therefore, effective immediately, the new management structure, policies and procedures, advisory and oversight committees will be in place to manage all of the services provided by CRH, regardless of the location. As the interim Director of CRH, I (Dr. Lancaster) will serve as director on both campuses. The Medical-Psychology Staff and Human Rights Committees of DDH are hereby abolished and are replaced by the Medical Staff and Human Rights Committees of CRH. We will finalize the training that has already begun and upon completion of the training implement the CRH policies and procedures on the DDH campus. Though the timing of the physical move of staff and patients from the DDH campus is now in question, the implementation of the merged management structure must take place immediately, per federal regulations, to continue the hospital's participation in the Medicare and Medicaid programs.

Cc: Secretary Dempsey Benton

Dan Stewart

Jim Osberg

Laura White

