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RECEIVED

Mar 12 2018

STATE HEALTH PLANNING AND
DEVELOPMENT AGENCY

March 12, 2018

Via Email and Federal Express

Alva M. Lambert
Executive Director
State Health Planning & Development Agency
100 North Union Street, Suite 870
Montgomery, AL 36104

Re: Notice of Proposed Change of Ownership: Camellia Hospice of Northeast Alabama, LLC d/b/a Camellia Hospice (SHPDA ID No. 055-P2391)

Dear Mr. Lambert:

I write on behalf of our client, Encompass Home Health of the Southeast, LLC (“Buyer”), regarding a proposed transaction involving Camellia Hospice of Northeast Alabama, LLC (“Camellia”). Camellia owns and operates Camellia Hospice (the “Facility”) and holds the above-referenced identification number issued by the State Health Planning & Development Agency (“SHPDA”).

The purpose of this letter is to notify SHPDA of the proposed transaction, address SHPDA requirements for a change of ownership, and request a determination from the agency that no certificate of need is required for consummation of the proposed transaction. The proposed transaction is structured as a stock transaction involving Buyer and the individual and entity owners of Camellia: Wilford A. Payne, Jr.; Wilford A. Payne, Jr. Irrevocable Trust; Wilford A. Payne, III; and Wilford A. Payne, III Children’s Trust (collectively, “Sellers”). Sellers currently own interests in and operate hospices in several states, including the Facility. The parties have negotiated an agreement that, subject to the satisfaction or waiver of certain conditions, will result in the acquisition of 100% of Sellers’ membership interests of Camellia by Buyer (the “Proposed Transaction”). As a result, following the closing of the Proposed Transaction, the Facility will be a wholly-owned subsidiary of Buyer. The Proposed Transaction is expected to occur effective **May 1, 2018**. Please find enclosed as **Exhibit A** a diagram depicting the ownership of the Facility before and after the Proposed Transaction.

Based on the applicable statutes and regulations, we understand that the Proposed Transaction constitutes a change of ownership for certificate of need purposes. Accordingly, please find enclosed as **Exhibit B** a completed Change of Ownership application for the Facility.

SHPDA Requirements for Changes of Ownership

In response to the specific questions posed in the SHDPA Change of Ownership Application, please note the following:

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Financial Scope of the Project. The financial scope of the project will encompass the fair market value payment that Buyer will make to Sellers as consideration for the transfer of 100% of the membership interests in the Facility. The fair market value payment involved in the proposed transaction does not exceed the following expenditure thresholds: (i) \$2,981,520 for major medical equipment; (ii) \$1,192,607 for new annual operating costs; and (iii) \$5,963,039 for capital expenditures.

Services to Be Offered. The Proposed Transaction will not result in any new or additional services beyond those already authorized to be provided by the Facility.

Whether the Proposal Will Include the Addition of Any New Beds. The Proposed Transaction will not result in the addition of new beds.

Whether the Proposal Will Involve the Conversion of Beds. The Proposed Transaction will not result in the conversion of beds.

Whether the Assets and Stock (If Any) Will be Acquired. As described above, pursuant to the Proposed Transaction, Buyer will acquire 100% of the Facility's stock from Sellers.

Requested Action

Based upon the above description of the Proposed Transaction and a showing that there will be no change in services offered, no increase or decrease in bed capacity, or conversion of beds, we respectfully request that you exercise your authority under Chapter 410-1-7-.04(2) of the Alabama Administrative Code (the "Code") and determine that a certificate of need is not required for consummation of the Proposed Transaction. In accordance with the Code, a check in the amount of \$2,500.00 made payable to SHPDA has been submitted, along with a hard copy of these materials, via Federal Express.

Thank you for your attention to this matter. If you have any questions or require further information, please do not hesitate to contact me at (615) 252-3837 or shoffmann@bradley.com.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

By:


Stephanie M. Hoffmann

Enclosures

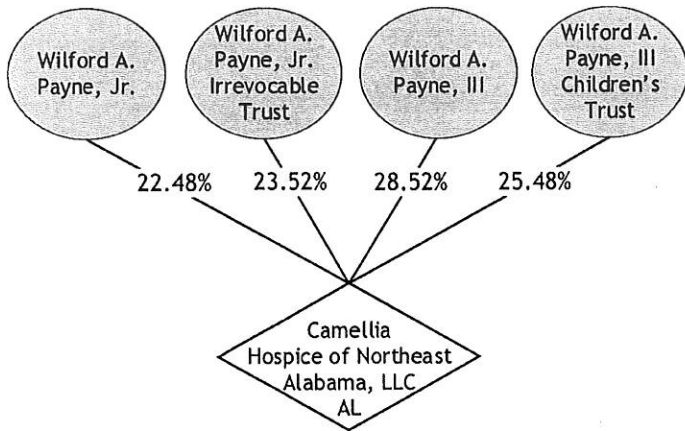
EXHIBIT 1

Ownership Diagram

Please see attached.

Camellia Hospice of Northeast Alabama, LLC

Prior Ownership



Post Ownership

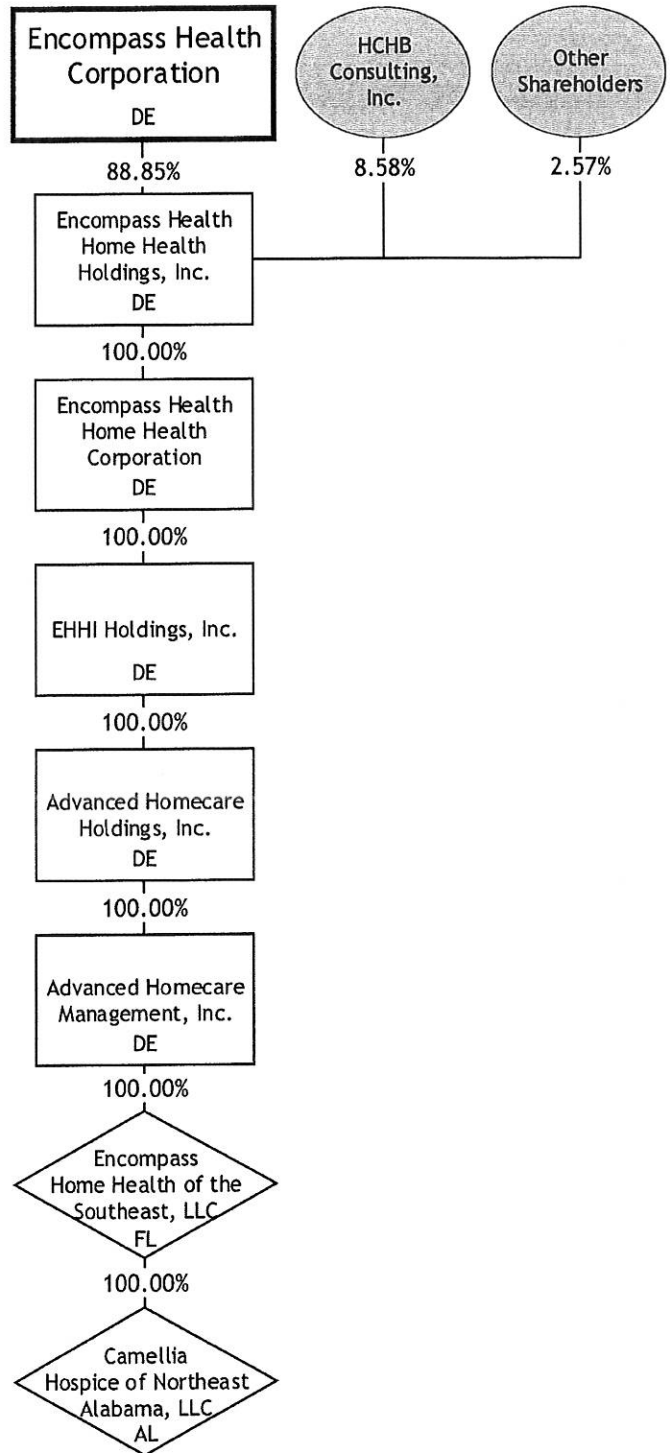


EXHIBIT 2

Change of Ownership Application

Please see attached.

Mar 12 2018

NOTICE OF CHANGE OF OWNERSHIP/CONTROLSTATE HEALTH PLANNING AND
DEVELOPMENT AGENCY

The following notification of intent is provided pursuant to all applicable provisions of ALA. CODE § 22-21-270 (1975 as amended) and ALA. ADMIN. CODE r. 410-1-7-.04. This notice must be filed at least twenty (20) days prior to the transaction.

Change in Direct Ownership or Control (of a vested Facility; ALA. CODE §§ 22-20-271(d), (e))
 Change in Certificate of Need Holder (ALA. CODE § 22-20-271(f))
 Change in Facility Management (Facility Operator)
Any transaction other than those above-described requires an application for a Certificate of Need.

Part I: Facility Information

SHPDA ID Number: **055-P2391**
(This can be found at www.shpda.alabama.gov, Health Care Data, ID Codes)

Name of Facility/Provider: **Camellia Hospice of Northeast Alabama, LLC d/b/a**
(ADPH Licensure Name) **Camellia Hospice**

Physical Address: **101 Church Street**
Rainbow City, AL 35906-6242

County of Location: **Etowah County**

Number of Beds/ESRD Stations: **None (0)**

CON Authorized Service Area (Home Health and Hospice Providers Only). Attach additional pages if necessary. **Calhoun, Cherokee, Etowah, and St. Clair Counties.**

Part II: Current Authority (Note: If this transaction will result in a change in direct ownership or control, as defined under ALA. CODE § 22-20-271(e), please attach organizational charts outlining current and proposed structures.)

Owner (Entity Name) of Facility named in Part I: **Camellia Hospice of Northeast Alabama, LLC**

Mailing Address: **135 Mayfair Road**
Hattiesburg, MS 39402

Operator (Entity Name): **Camellia Hospice of Northeast Alabama, LLC**

Part III: Acquiring Entity Information

Name of Entity: **Encompass Home Health of the Southeast, LLC**

Mailing Address: **6688 N. Central Expressway, Suite 1300**
Dallas, TX 75206

Operator (Entity Name): **Encompass Home Health of the Southeast, LLC**

Proposed Date of Transaction is
on or after: May 1, 2018

Part IV: Terms of Purchase

Monetary Value of Purchase: \$ Please see enclosed letter

Type of Beds:

Number of Beds/ESRD Stations:

Financial Scope: to Include Preliminary Estimate of the Cost Broken Down by Equipment, Construction, and Yearly Operating Cost:

Projected Equipment Cost: \$ Please see enclosed letter

Projected Construction Cost: \$

Projected Yearly Operating Cost: \$

Projected Total Cost: \$

On an Attached Sheet Please Address the Following:

- 1.) The services to be offered by the proposal (the applicant will state whether he has previously offered the service, whether the service is an extension of a presently offered service, or whether the service is a new service).
- 2.) Whether the proposal will include the addition of any new beds.
- 3.) Whether the proposal will involve the conversion of beds.
- 4.) Whether the assets and stock (if any) will be acquired.

Please see enclosed letter

Part V: Certification of Information

Please see attached.

Current Authority Signature(s):

The information contained in this notification is true and correct to the best of my knowledge and belief.

Owner(s): Wilford Albert Payne, III
Chief Executive Officer
Camellia Home Health of Alabama, LLC

Wilford Albert Payne III

Operator(s): Wilford Albert Payne, III
Chief Executive Officer
Camellia Home Health of Alabama, LLC

Wilford Albert Payne III

Title/Date:

CEO / Feb. 28, 2018

SWORN to and subscribed before me, this 20th day of February, 2018.

(Seal)

Jennifer Brewer
Notary Public

My Commission Expires: 8-22-2019



Acquiring Authority Signature(s):

I agree to be responsible for reporting of all services provided during the current annual reporting period, as specified in ALA. ADMIN. CODE r. 410-1-3-.12. The information contained in this notification is true and correct to the best of my knowledge and belief.

Purchaser(s): G. Robert Thompson
Chief Financial Officer and
Vice President
Encompass Home Health of the
Southeast, LLC



Operator(s): G. Robert Thompson
Chief Financial Officer and
Vice President
Encompass Home Health of the
Southeast, LLC



Title/Date: _____

SWORN to and subscribed before me, this 28th day of February, 2018.

(Seal)



Notary Public

My Commission Expires: _____



Author: Alva M. Lambert
Statutory Authority: § 22-21-271(c), Code of Alabama, 1975
History: New Rule

Alabama

Certificate # 18368

STATE BOARD OF HEALTH

This is to certify that a license is hereby granted by the State Board of Health to

CAMELLIA HOSPICE OF NORTHEAST ALABAMA, LLC
to operate

CAMELLIA HOSPICE

as a
HOSPICE

This license is valid for the following location

101 CHURCH STREET • RAINBOW CITY, AL 35906-6242



Scott Harris, M.D.

Scott Harris, M.D.
Acting State Health Officer

E2807

Facility Identification

This License shall expire December 31, 2018.