

Judd A. Harwood
jharwood@bradley.com
(205) 521-8016direct

October 23, 2018

Via Electronic Filing

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

**Re: Notice of Proposed Change in Ownership of Citizens Baptist Home Health
(SHPDA ID 121-H7110)**

Dear Mr. Lambert:

We respectfully submit to the State Health Planning and Development Agency (“SHPDA”) this letter as an attachment to the Notice of Change of Ownership forms that we are filing pursuant to Chapter 410-1-7-.04, Rules and Regulations of the Alabama Certificate of Need Program (the “Rules”). The proposed change of ownership involves a two-step transaction with respect to the home health agency owned and operated by BBH CBMC, LLC d/b/a Citizens Baptist Home Health (the “Hospital”). The following summarizes the transaction proposed to take place on or after November 1, 2018, and addresses SHPDA requirements for a change of ownership.

I. Facts

The Hospital has CON authority to provide home health services in Talladega, Calhoun, Clay, Coosa, Shelby and St. Clair Counties under the trade name Citizens Baptist Home Health. The Hospital initiated and continues to operate its home health operations pursuant to the rural hospital exemption provisions found at Alabama Code section 22-21-263(a)(4).

In step one of this proposed transaction, the Hospital will transfer the assets owned and operated by it in connection with all of its home health operations to Encompass Health Home Health of Talladega, LLC d/b/a Encompass Health Home Health, a newly-formed Delaware limited liability company (the “Joint Venture”) in which the Hospital will initially be the only member. In step two of this proposed transaction, in exchange for an amount that the parties have determined to be fair market value, the Hospital will then transfer 75% of its membership interest in the Joint Venture to Camellia Home Health of Alabama, LLC (“Camellia”), an Alabama limited liability company wholly owned by Encompass Health Corporation, a Delaware corporation, and the Hospital will retain a 25% membership interest in the Joint Venture. The parties do not contemplate that the Hospital’s membership interest in the Joint Venture will ever be less than 25%.

Because this proposed transaction involves a home health agency operating pursuant to the rural hospital exemption, the following additional provisions will be made a part of the joint venture operating agreement for (the "Joint Venture"):

1. Subject to the hospital's consent, the name of the hospital will be included in the name of the home health agency. Initially, the Hospital has requested that the Joint Venture not use its name.

2. Camellia will be prohibited from taking on duties and/or services that are otherwise reserved to the rural hospital by Alabama or federal law.

3. Upon the dissolution of the joint venture, all regulatory authority to own and operate the home health agency will remain with the Hospital.

4. The Hospital will have 50% voting rights in all joint venture decisions. In the event there is a deadlock, the Hospital will have the right to purchase the interest held by Camellia in the Joint Venture.

5. The day to day management of the joint venture operations will be conducted by a manager under the oversight and direction of a Management Committee, on which the Hospital will have equal representation with Camellia. The Management Committee will oversee and direct all clinical operations of the home health agency. The clinical operations shall include operational management, quality of care, provision of services, compliance, personnel, medical records, physical environment, and use of supplies. The Management Committee may not take or recommend any action which may affect the home health agency's licensure or Medicare certification or which would violate any state or federal law or regulation.

6. In the event the manager defaults in the performance of its duties under its management agreement and is not removed after a demand for removal by the Hospital, or the parties cannot agree on a new manager, the Hospital, at its option, may exercise its default option to purchase the interest of Camellia in the Joint Venture at fair market value. Camellia will not have an option to purchase the Hospital's remaining interest in the Joint Venture.

7. The Joint Venture will be required to ensure continuity of care and further the mission of the hospital, and in the furtherance thereof, the Joint Venture will admit any patient for home health services who is referred by the Hospital, as long as the patient's needs meet the eligibility criteria set up by the Management Committee and established by the patient's payor source.

8. An authorized representative of the Hospital will have the reasonable right to access and examine records and information of the Joint Venture to ensure compliance with all the provisions of the joint venture documents.

9. The Joint Venture will not be allowed to offer or provide services other than home health services without the express consent of the Hospital.

10. The office for the home health agency operated by the Joint Venture will be located within a 10-mile radius of the main campus of the acute care hospital operated by Hospital.

II. SHPDA Requirements for Changes of Ownership

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

1. The Financial Scope of the Project. The financial scope of the project will encompass the fair market value payment that Camellia will make to the Hospital as consideration for the purchase of a seventy-five percent (75%) membership interest in the Joint Venture. The fair market value payment involved in the proposed transaction does not reflect new costs exceeding the following expenditure thresholds: (i) \$2,997,918 for major medical equipment; (ii) \$1,199,166 for new annual operating costs; and (iii) \$5,995,836 for capital expenditures.

2. Services to be Offered. The proposed transaction will not result in any new or additional services to those already authorized to be provided by the home health agency.

3. Whether the Proposal Will Include the Addition of Any New Beds. The proposed transaction will not result in the addition of new beds.

4. Whether the Proposal Will Involve the Conversion of Beds. The proposed transaction will not result in the conversion of beds.

5. Whether the Assets and Stock (if any) Will be Acquired. As described more particularly above, in step one of the transaction, the Hospital will contribute all of the assets it owns in connection with its provision of home health services to the Joint Venture. In step two of the transaction, Camellia will purchase from the Hospital seventy-five percent (75%) of the membership interest in the Joint Venture.

Requested Action

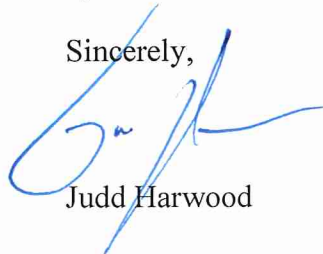
Based upon the above description of the proposed transaction and a showing that there will be no change in health services, conversion of beds, or increase or decrease in bed capacity, we respectfully request that you exercise your authority under Chapter 410-1-7-.04(2) of the Rules and determine that a Certificate of Need is not required for the consummation of this proposed transaction. In accordance with the Rules, a check in the amount of \$2,500.00 made payable to the Alabama State Health Planning and Development Agency has been sent to the Agency via Federal Express.

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Please be advised that on October 22, 2018, the Hospital provided SHPDA with written notice advising SHPDA that the home health agency had relocated to another building on the Hospital's campus on March 1, 2018. Since March 1, 2018, the Hospital has operated the home health agency out of the following address: 650 Stone Avenue, Talladega, Alabama 35160.

Should you have any questions or need further information, please feel free to contact me at the number or address listed above. Thank you in advance for your assistance with this matter.

Sincerely,



Judd Harwood

Enclosure

NOTICE OF CHANGE OF OWNERSHIP/CONTROL

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: 121-H7110
(This can be found at www.shpda.alabama.gov, Health Care Data, ID Codes)

Name of Facility/Provider: Citizens Baptist Home Health
(ADPH Licensure Name)

Physical Address: 650 Stone Avenue
Talladega, AL 35160

County of Location: Talladega County

Number of Beds/ESRD Stations: Not applicable.

CON Authorized Service Area (Home Health and Hospice Providers Only). Attach additional pages if necessary. Talladega, Calhoun, Clay, Coosa, Shelby 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: BBH CBMC, LLC

Mailing Address: 650 Stone Avenue, P.O. Box 978
Talladega, AL 35160

Operator (Entity Name): BBH CBMC, LLC

Part III: Acquiring Entity Information

Name of Entity: Encompass Health Home Health of Talladega, LLC
d/b/a Encompass Health Home Health

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

Operator (Entity Name): Camellia Home Health of Alabama, LLC

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

Part IV: Terms of Purchase

Monetary Value of Purchase: Please see attached letter

Type of Beds: Not applicable

Number of Beds/ESRD Stations: Not applicable

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

Please see attached letter

Projected Equipment Cost: \$ _____

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 attached letter

Part V: Certification of Information

Current Authority Signature(s):

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

Owner(s): [Name]
[Title]
BBH CBMC, LLC

Operator(s): [Name]
[Title]
BBH CBMC, LLC

[Handwritten signature]

[Handwritten signature]

Date: 10-16-18

SWORN to and subscribed before me, this 16 day of October, 2018

(Seal)



A-84

[Handwritten signature]

Notary Public

My Commission Expires: May 6, 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): _____

Operator(s): _____

Date: _____

SWORN to and subscribed before me, this _____ day of _____, _____.

(Seal)

Notary Public

My Commission Expires: _____

Author: Alva M. Lambert

Statutory Authority: § 22-21-271(c), Code of Alabama, 1975

History: New Rule

Part V: Certification of Information

Current Authority Signature(s):

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

Owner(s): _____

Operator(s): _____

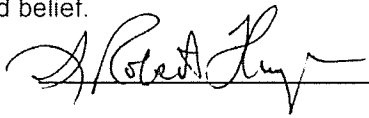
Date: _____

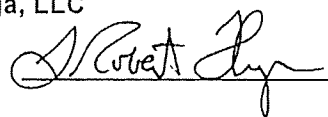
SWORN to and subscribed before me, this _____ day of _____.

(Seal) A-84 Notary Public
My Commission Expires: _____

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.

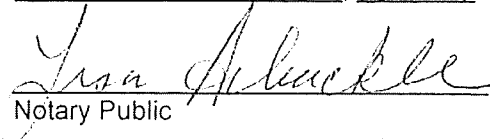
Purchaser(s): **G. Robert Thompson**
Chief Financial Officer and Vice President
Encompass Health Home Health of Talladega, LLC 

Operator(s): **G. Robert Thompson**
Chief Financial Officer and Vice President
Camellia Home Health of Alabama, LLC 

Date: 11/23/2018

SWORN to and subscribed before me, this 23 day of October, 2018

(Seal) 


Notary Public
My Commission Expires: 4/4/2019

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