

Stephanie M. Hoffmann

Attorney at Law
shoffmann@bradley.com
(615) 252-3837

Bradley

April 24, 2019

RECEIVED
Apr 24 2019

STATE HEALTH PLANNING AND
DEVELOPMENT AGENCY

Via Email (shpda.online@shpda.alabama.gov)

Emily T. Marsal
Executive Director
State Health Planning & Development Agency
100 North Union Street, Suite 870
Montgomery, AL 36104

Re: Response to Notice of Omission: Alacare Home Health Services, Inc. d/b/a Alacare Home Health & Hospice - Mobile (CO2019-036; SHPDA ID No. 097-H0011)

Dear Ms. Marsal:

I write on behalf of our client, Encompass Health Home Health of Alabama, LLC ("Buyer"), regarding a proposed transaction involving Alacare Home Health Services, Inc. ("Seller"), which owns and operates a home health agency based in Mobile, Alabama (the "HHA"). Buyer recently submitted a Notice of Proposed Change of Ownership application (the "Application") to the Alabama State Health Planning and Development Agency ("SHPDA") in connection with the anticipated acquisition of substantially all the assets of Seller associated with the operation of the HHA.

The purpose of this letter is to respond to your Notice of Omission dated April 16, 2019, in connection with the Application. A copy of this notice is enclosed as Exhibit A.

Buyer wishes to respond to each identified omission as set forth below:

- 1. The 2018 Annual Report filed on behalf of this provider indicates one (1) currently certified branch office of the parent provider. Please advise if this branch office is expected to remain certified as a result of the transaction, providing the location of all branch offices to continue operations.**

Yes, Buyer anticipates that the HHA's sole branch office, located at 6333 Cottage Hill Road, Mobile, Alabama, 36609-1776, will remain certified and operational, and does not anticipate closing the office in connection with the transaction.

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

Enclosure

4818-7847-0036.1

Stephanie M. Hoffmann
Attorney at Law
shoffmann@bradley.com
(615) 252-3837

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Apr 05 2019

STATE HEALTH PLANNING AND
DEVELOPMENT AGENCY**Bradley**

April 4, 2019

Via Email and Federal Express

Emily T. Marsal
Executive Director
State Health Planning & Development Agency
100 North Union Street, Suite 870
Montgomery, AL 36104

**Re: Notice of Proposed Change of Ownership: Alacare Home Health Services, Inc.
d/b/a Alacare Home Health & Hospice - Mobile (SHPDA ID No. 097-H0011)**

Dear Ms. Marsal:

I write on behalf of our client, Encompass Health Home Health of Alabama, LLC (“Buyer”), regarding a proposed transaction involving Alacare Home Health Services, Inc. (“Alacare”). Alacare owns and operates Alacare Home Health & Hospice - Mobile, a home health agency located at 6333 Cottage Hill Road, Mobile, Alabama 36609 (the “Facility”), and holds the above-referenced identification number issued by the Alabama 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 an asset purchase between Buyer and the individual and entity owners of Alacare: JGBI, LLC; LRBI, LLC; CDBI, LLC; KBB, LLC; Susan B. Brouillette; and John G. Beard (collectively, “Sellers”). Sellers currently own and operate home health agencies throughout Alabama, including the Facility. The parties have negotiated an agreement that, subject to the satisfaction or waiver of certain conditions, will result in the purchase of substantially all of the assets related to the Facility by Buyer (the “Proposed Transaction”). The Proposed Transaction is expected to occur effective **June 1, 2019**. 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 Notice of Change of Ownership/Control for the Facility.

SHPDA Requirements for Changes of Ownership

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

Emily T. Marsal
Executive Director
State Health Planning & Development Agency
April 4, 2019
Page 2

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 purchase of substantially all the assets of the Facility. The fair market value payment involved in the proposed transaction does not exceed 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.

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 purchase substantially all of the Facility's assets 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 A

Ownership Diagram

Please see attached.

**Transaction Diagram
Decatur, Mobile, and Troy Home Health Agencies**

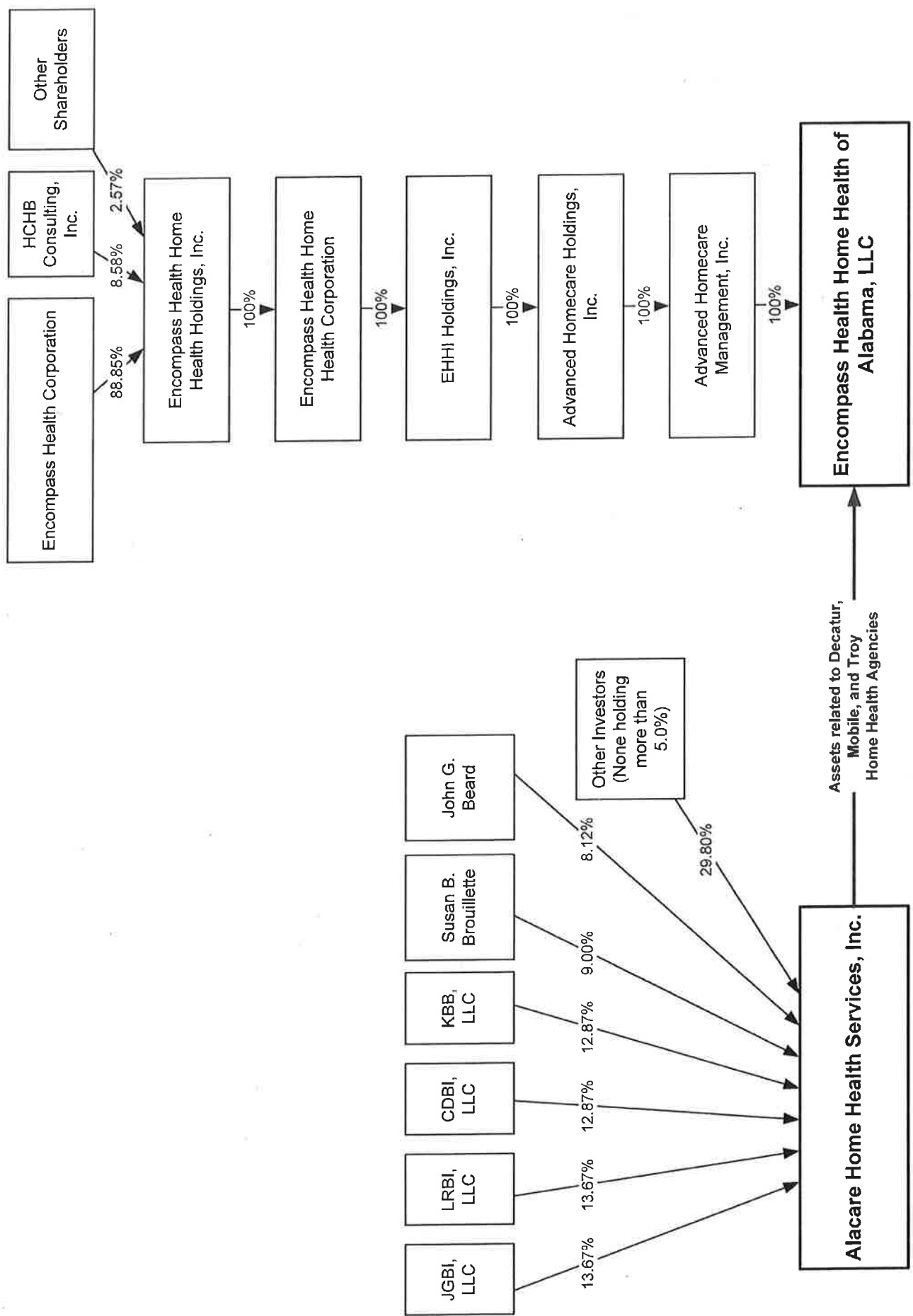


EXHIBIT B

Notice of Change of Ownership/Control

Please see attached.

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: 097-H0011
 (This can be found at www.shpda.alabama.gov, Health Care Data, ID Codes)

Name of Facility/Provider: Alacare Home Health Services, Inc. d/b/a
 (ADPH Licensure Name) Alacare Home Health & Hospice - Mobile

Physical Address: 6333 Cottage Hill Road
Mobile, AL 36609

County of Location: Mobile County

Number of Beds/ESRD Stations: None (0)

CON Authorized Service Area (Home Health and Hospice Providers Only). Attach additional pages if necessary. Washington, Mobile, and Baldwin 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: Alacare Home Health Services, Inc.

Mailing Address: 2970A Lorna Road
Birmingham, AL 35209

Operator (Entity Name): Alacare Home Health Services, Inc.

Part III: Acquiring Entity Information

Name of Entity: Encompass Health Home Health of Alabama, LLC

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

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

Proposed Date of Transaction is

on or after: June 1, 2019

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.

Author: Alva M. Lambert

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

History: New Rule

Current Authority Signature(s):

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

Owner(s): John G. Beard
President
Alacare Home Health Services, Inc.



Operator(s): John G. Beard
President
Alacare Home Health Services, Inc.

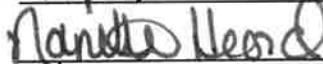


Title/Date:

President, 4/3/2019

SWORN to and subscribed before me, this 3rd day of April, 2019.

(Seal)


Notary Public

My Commission Expires: _____



MY COMMISSION EXPIRES 9/21/2019

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
Vice President
Encompass Health Home Health
of Alabama, LLC

[Signature]

Operator(s): G. Robert Thompson
Vice President
Encompass Health Home Health
of Alabama, LLC

[Signature]

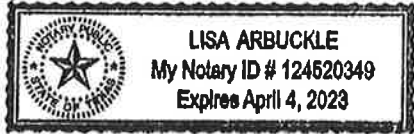
Title/Date:

Vice President, 4/3/2019

SWORN to and subscribed before me, this 3rd day of April, 2019.

(Seal)

[Signature]
Notary Public



My Commission Expires: 04/04/23

EXHIBIT A

Notice of Omission

Please see attached.



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Apr 24 2019

STATE HEALTH PLANNING AND
DEVELOPMENT AGENCY

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

100 NORTH UNION STREET, SUITE 870
MONTGOMERY, ALABAMA 36104

April 16, 2019

Stephanie M. Hoffmann, Esquire
Bradley Arant Boult Cummings LLP
Roundabout Plaza
1600 Division Street, Suite 700
Nashville, Tennessee 37203-2754

RE: CO2019-036
Alacare Home Health Services, Inc.
d/b/a Alacare Home Health & Hospice-
Mobile
SHPDA ID: 097-H0011

Dear Ms. Hoffmann:

This letter is written in response to the referenced Change of Ownership/Control filing received April 5, 2019, whereby Encompass Health Home Health of Alabama, LLC will acquire the referenced provider from Alacare Home Health Services, Inc. in a transaction that will take place on or after June 1, 2019. Additional information is required prior to final review of this proposal.

The 2018 Annual Report filed on behalf of this provider indicates one (1) currently certified branch office of the parent provider. Please advise if this branch office is expected to remain certified as a result of the transaction, providing the location of all branch offices to continue operations.

Pursuant to ALA. ADMIN. CODE r 410-1-3-.09, all documents to be filed with SHPDA must be submitted electronically to shpda.online@shpda.alabama.gov in text searchable, PDF format. Only corrected pages should be resubmitted.

Should you have any questions, please contact the Agency at (334) 242-4103.

Sincerely,

A handwritten signature in black ink that reads "Emily T. Marsal".

Emily T. Marsal
Executive Director

ETM/kfn