

Holly S. Hosford
 hhosford@bradley.com
 205.521.8376



April 5, 2019

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STATE HEALTH PLANNING AND
 DEVELOPMENT AGENCY

Via Electronic Filing

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

**Re: Notice of Proposed Change in Ownership of Encompass Health
 Rehabilitation Hospital of North Alabama (SHPDA ID 089-0530038)**

Dear Ms. Marsal:

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 the purchase of seventy (70) inpatient rehabilitation beds currently owned by The Health Care Authority of the City of Huntsville d/b/a Huntsville Hospital (the “Seller”) and operated as Encompass Health Rehabilitation Hospital of North Alabama (the “Hospital”). The following summarizes the proposed transaction and addresses SHPDA requirements for a change of ownership.

I. Facts

Seller holds two (2) Certificates of Need, number 705-H and 1618-H (together, the “Rehab Bed CONs”), from the State Health Planning and Development Agency for the operation of a 70 bed inpatient rehabilitation hospital. Seller and Rebound, LLC, a subsidiary of Encompass Health Corporation, (the “Operator”) are parties to a Lease Agreement whereby Seller leases space and the Rehab Bed CONs to Operator for the operation of the Hospital.

In the transaction proposed to take place on or about the fifth business day following receipt of approval from SHPDA, Rehabilitation Hospital of North Alabama, LLC, an indirect subsidiary of Encompass Health Corporation, (the “Buyer”) will purchase the 70 existing inpatient rehabilitation beds and the right to operate such beds under the Rehab Bed CONs from Seller for an amount the parties have determined to be fair market value.

II. SHPDA Requirements for Changes of Ownership

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

Emily T. Marsal

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1. The Financial Scope of the Project. The financial scope of the change in ownership project will encompass the fair market value payment that Buyer will make to Seller as consideration for the purchase of seventy (70) inpatient rehabilitation beds. 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 Hospital.

3. Whether the Proposal Will Include the Addition of Any New Beds. The proposed transaction involving the purchase of seventy (70) existing beds 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.

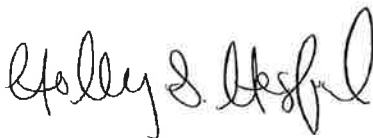
5. Whether the Assets and Stock (if any) Will be Acquired. The proposed transaction involves only the purchase of beds. No other assets and no stock will be acquired as part of the proposed transaction.

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 SHPDA office via Federal Express.

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,



Holly S. Hosford

Enclosure

cc: Joe Campbell via email (joe.campbell@hhsys.org)
Jennifer Clark

Holly Hosford
hhosford@Bradley.com
205.521.8376

Bradley

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Apr 24 2019

STATE HEALTH PLANNING AND
DEVELOPMENT AGENCY

April 24, 2019

Via Electronic Filing

Ms. Emily Marsal
Executive Director
State Health Planning and Development Agency
100 North Union Street
RSA Union Building
Suite 870
Montgomery, AL 36130-3025

**Re: CO2019-039, Encompass Health Rehabilitation Hospital of North Alabama;
Response to Request for Additional Information**

Dear Ms. Marsal:

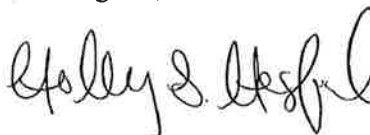
On behalf of our client, Rehabilitation Hospital of North Alabama, LLC, this letter is submitted in response to the Alabama State Health Planning and Development Agency's April 18, 2019, request for additional information relating to the Notice of Change of Ownership of Encompass Health Rehabilitation Hospital of North Alabama (SHPDA ID: 089-0530038) (the "Notice Filing").

The request for additional information states that the signature page included for Mr. Douglas Beverly does not contain the required signatures. The draft signature page with fields for Mr. Beverly's signatures was included in the Notice Filing by mistake. Patrick Darby, as Vice President and Secretary of Rehabilitation Hospital of North Alabama, LLC d/b/a Encompass Health Rehabilitation Hospital of North Alabama, signed the Notice of Change of Ownership for the acquiring authority on page 7 of the Notice Filing. The Notice Filing includes all necessary signatures.

The request for additional information requests that the parties provide information concerning the effect the proposed transaction will have on projects AL2009-062 and AL2010-006 to add an additional six (6) beds. The parties to the proposed transaction, the Health Care Authority of the City of Huntsville d/b/a Huntsville Hospital and Rehabilitation Hospital of North Alabama, LLC, will file a modification request with the Agency for Certificate of Need 2541-REHAB (Project Numbers AL2009-062, AL 2010-006), as modified by 2541-REHAB-MOD1 (the "Replacement Hospital CON"), seeking to replace the current owners of the Replacement Hospital CON with Rehabilitation Hospital of North Alabama, LLC.

We appreciate your assistance with this project and your consideration of this additional information. As always, please do not hesitate to contact me if you have any questions or if we can address any further issues relating to this project.

Best regards,



Holly S. Hosford

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 §§ 22-21-270(d), (e))

Change in Certificate of Need Holder (ALA. CODE § 22-21-270(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: **089-0530038**
(This can be found at www.shpda.alabama.gov, Health Care Data, ID Codes)

Name of Facility/Provider: **Encompass Health Rehabilitation Hospital of North Alabama**
(ADPH Licensure Name)

Physical Address: **107 Governors Drive
Huntsville, Alabama 35801**

County of Location: **Madison County**

Number of Beds/ESRD Stations: **70 Inpatient Rehabilitation Beds**

CON Authorized Service Area (Home Health and Hospice Providers Only). Attach additional pages if necessary. **Not applicable.**

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: **The Health Care Authority of the City of Huntsville
d/b/a Huntsville Hospital**

Mailing Address: **101 Sivley Road SW
Huntsville, Alabama 35801**

Operator (Entity Name): **Rebound, LLC, a subsidiary of Encompass Health Corporation**

Part III: Acquiring Entity Information

Name of Entity: Rehabilitation Hospital of North Alabama, LLC

Mailing Address: 9001 Liberty Parkway
Birmingham, Alabama 35242

Operator (Entity Name): Rehabilitation Hospital of North Alabama, LLC

Proposed Date of Transaction is on or after: On or about the fifth business day following approval of the Change of Ownership by the State Health Planning and Development Agency

Part IV: Terms of Purchase

Monetary Value of Purchase: Please see attached letter

Type of Beds: Inpatient Rehabilitation Beds

Number of Beds/ESRD Stations: 70 Beds

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): **David Spillers**
Chief Executive Officer
The Health Care Authority of the City of Huntsville d/b/a Huntsville Hospital

David Spillers

Date: 3/29/19

SWORN to and subscribed before me, this 29th day of March, 2019.

(Seal)



Stephanie Kern

Notary Public

My Commission Expires: 2/21/22

Operator(s):

Rebound, LLC

Date: _____

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

(Seal)

A-84

Notary Public

My Commission Expires: _____

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): **David Spillers**
Chief Executive Officer
The Health Care Authority of the City of Huntsville d/b/a Huntsville Hospital

Date: _____

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

(Seal)

Notary Public

My Commission Expires: _____

Operator(s): **Patrick Darby**
Vice President and Secretary
Rebound, LLC

Patrick Darby

Date: 4-4-19

SWORN to and subscribed before me, this 4 day of April, 2019.

(Seal)

A-84

Haren E. Coarke

My Commission Expires: 10-14-20



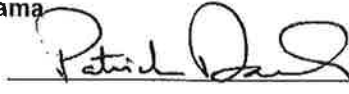
Acquiring Authority Signature(s):

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): **Patrick Darby**
Vice President and Secretary
Rehabilitation Hospital of North Alabama, LLC d/b/a Encompass Health
Rehabilitation Hospital of North Alabama



Operator(s): **Patrick Darby**
Vice President and Secretary
Rehabilitation Hospital of North Alabama, LLC d/b/a Encompass Health
Rehabilitation Hospital of North Alabama

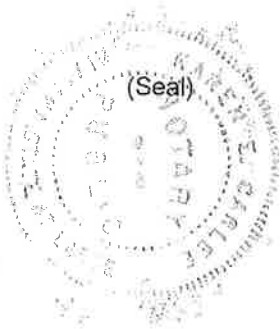


Date: 4-4-19

SWORN to and subscribed before me, this 4 day of April, 2019.


Notary Public

My Commission Expires: 10-14-20



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