

May 20, 2021

Via Electronic Filing  
([shpda.online@shpda.alabama.gov](mailto:shpda.online@shpda.alabama.gov) & SHPDA Online Filing)

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

RE: Project Modification Request  
CON-2875-ASC (Project Number AL 2019-006)  
SEES Group Alabama, LLC

Dear Ms. Marsal:

This letter requests a project modification, pursuant to Rule 410-1-10-.03 of the Alabama Certificate of Need Program Rules and Regulations ("SHPDA Rules") for CON 2875-ASC, for the reasons expressed herein.

### **1. Project Background**

On February 19, 2019, SEES Group Alabama, LLC ("SEES") filed a CON application seeking approval to establish an ambulatory surgery center ("ASC") specializing in ocular and periorbital surgery in Jefferson County, Alabama. The proposed ASC included three operating rooms and one laser procedure room. There was no opposition to this project. The CON Review Board approved this application, and CON 2875-ASC was originally issued to SEES on September 3, 2019. (CON 2875-ASC is attached as Exhibit A.) .

On May 4, 2020, SEES requested and received approval of an extension of CON 2875-ASC. The CON extension was approved on June 30, 2020. (Extension approval is attached as Exhibit B.)

### **2. Description of Project Modification Request**

SEES has been working diligently to complete the approved project and anticipates that the project will be completed in the third quarter of 2021. As implementation of the CON has been ongoing, SEES has identified that the construction and equipment costs for this project will exceed the estimated costs in the CON application, resulting in an increase in anticipated total project costs exceeding 10% of the total CON-approved amount. Based on this, SEES requests a modification of CON 2875-ASC in order to obtain approval of the increase in construction and equipment costs.

SEES filed its CON application in early 2019. Over the past 2.5 years, construction costs have increased dramatically, particularly since the recent pandemic. Post COVID-19 shutdown, there were numerous issues with supply vendors and increased costs associated with the availability of building materials, creating further pressures on pricing. In addition to the increase in construction costs generally, this project has also presented unexpected hurdles that have increased the ASC's costs, including the need for a larger mechanical room and for substantial electrical system work required to rewire and retrofit the building. Due to these increases in the costs of construction, SEES anticipates a total construction cost of \$2,761,353 for this project.

Equipment costs have also increased over the past 2.5 years, specifically related to microscopes with video technology and other equipment/software that will enable the ASC to offer more efficient care to the surgical patients. Not only is the equipment cost higher than it was at the time the CON application was filed, but new and more advanced types of equipment are available. In order to fully equip the ASC with state-of-the-art and advanced equipment, SEES anticipates a total equipment cost of \$1,658,000.

SEES does not anticipate any increase in its first year's annual operating expenses. In fact, SEES expects the operating expenses to be lower than estimated in its CON application for the first year of operation.

Below is a chart summarizing the changes in anticipated costs associated with this project compared with the costs projected in the CON application:

	<b>CON-Approved Cost Estimate</b>	<b>Updated Project Cost Estimate</b>
Predevelopment	\$50,000	\$49,788
Construction	\$1,526,624	\$2,335,258
Architect & Engineering Fees	\$75,000	\$186,307
Interest During Construction	\$19,000	0
Attorney & Consultant Fees	\$50,000	\$190,000
<b>Total Cost of Construction</b>	<b>\$1,720,624</b>	<b>\$2,761,353</b>
<b>Total Cost of Equipment</b>	<b>\$732,960</b>	<b>\$1,658,000</b>
<b>Year 1 Operating Expenses</b>	<b>\$2,233,001</b>	<b>\$2,000,000</b>
<b>Total Project Costs</b>	<b>\$4,686,585</b>	<b>\$6,419,353</b>

The increase in estimated project costs exceeds 10% of the CON-approved total project costs and requires approval by the Executive Director of SHPDA. Because the increases in cost estimates for construction and equipment are less than the current financial thresholds for review, the project modification request does not require review by the full Certificate of Need Review Board. See below for more detail:

	<b>CON-Approved Cost Estimate</b>	<b>Updated Project Cost Estimate</b>	<b>Projected Change in Cost Estimate</b>	<b>2021 Expenditure Threshold Associated with Cost Estimate</b>
<b>Total Cost of Construction</b>	\$1,720,624	\$2,761,353	\$1,040,729	\$6,158,695
<b>Total Cost of Equipment</b>	\$732,960	\$1,658,000	\$925,040	\$3,079,347
<b>First Year Annual Operating Cost</b>	\$2,233,001	\$2,000,000	(\$233,001)	\$1,231,738

The modification of this Certificate of Need will not involve the addition of beds, a change in bed classification, or the provision of new health services not specified in the original CON application. The requested modification does not involve a physical relocation of the facility and falls below the financial thresholds for review provided in Rule 410-1-4-.01.

SEES Group Alabama, LLC respectfully requests the issuance of a project modification to CON 2875-ASC to reflect the increased construction and equipment cost estimates. CON 2875-ASC qualifies for a project modification pursuant to Rule 410-1-10-.03 for the reasons stated herein. There were no opponents to the original CON application, meaning there are no additional parties to notify of this request as required by Rule 410-1-10-.03(1)(b). A filing fee in the amount of \$7,989.80, which is 35% of the original CON Application fee (\$22,828), will be delivered to the Agency via Fed Ex.

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

Respectfully Submitted,

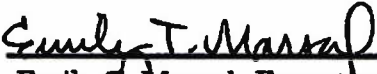
*Danny Bundren*

Danny E. Bundren, CPA, JD  
 Chief Development Officer  
 SEES Group Alabama, LLC

Email: [danny.bundren@theseesgroup.com](mailto:danny.bundren@theseesgroup.com) Phone: 615.275.5112

HD-504  
(8-95)

**ALABAMA  
STATE HEALTH PLANNING & DEVELOPMENT AGENCY  
CERTIFICATE OF NEED  
FOR HEALTH CARE SERVICES**

I. IDENTIFICATION		
1. Certificate of Need 2875-ASC	2. Date Issued: September 3, 2019	3. Termination Date: September 2, 2020
4. Project Number: AL2019-006	5. Name of Facility: SEES Group Alabama, LLC	
6. Service Area: Jefferson County	7. Location of Facility: 250 State Farm Parkway Birmingham, Alabama 35209	
8. Type of Facility: ASC	9. Number of Beds: See Item 11	10. Estimated Cost: \$4,686,585.00
11. Services to be provided: Establish a single-specialty ambulatory surgical treatment center (ASC) solely for ocular and periorbital surgery in Jefferson County, consisting of three (3) operating rooms and one (1) laser procedure room.		
II. CERTIFICATE OF NEED		
In accordance with Section 22-21-260 through 22-21-279, <u>Code of Alabama</u> , 1975, the Certificate of Need Review Board finds as follows:		
<ol style="list-style-type: none"> <li>1. There is a need for the project.</li> <li>2. There are in force in the State of Alabama reasonable minimum standards of licensure and methods of operation for hospitals and health facilities.</li> <li>3. The prescribed standards of licensure and operation will be applied and enforced with respect to the applicant, hospital or other health facility.</li> </ol>		
III. ISSUANCE OF CERTIFICATE OF NEED		
This Certificate of Need is issued to SEES Group Alabama, LLC only, for a period not to exceed 12 months from the date of issuance. This Certificate of Need is not transferable and any action on the part of the Applicant to transfer this Certificate of Need will render the Certificate of Need null and void.		
<b>ORIGINAL</b>	 _____ Emily T. Marsal, Executive Director	



**STATE HEALTH PLANNING AND DEVELOPMENT AGENCY**

**100 NORTH UNION STREET, SUITE 870  
MONTGOMERY, ALABAMA 36104**

**June 30, 2020**

**Mr. Stephen Preston  
Preston Strategy Group  
Post Office Box 2183  
Fairhope, Alabama 36533**

**RE: AL2019-006; CON 2875-ASC  
SEES Group Alabama, LLC**

Dear Mr. Preston:

This letter is written in response to the Application for Extension of Certificate of Need (Extension Application), filed on May 5, 2020, regarding Certificate of Need (CON) 2875-ASC (Project No. AL2019-006), issued September 3, 2019 to SEES Group Alabama, LLC. Pursuant to Chapter 410-1-11-.06 and .07, Rules and Regulations of the Alabama Certificate of Need Program (the Rules), it has been requested that the referenced CON be extended for one (1) year, through September 2, 2021. In support of this request, the applicant outlined in the Extension Application and supporting documents that the criteria under the Rules for the Certificate of Need extension have been met. This CON will not be subject to further extensions.

Based on the information provided in the Extension Application, the requested Certificate of Need extension is hereby granted. Enclosed is CON 2875-ASC-EXT with an expiration date of September 2, 2021. A progress report is to be provided to the Agency every six (6) months until completion of the project. ALA. ADMIN. CODE r. 410-1-10-.03(1)(a) requires a project modification be filed for an increase in the cost of a project in excess of ten percent (10%) of the total project cost. Upon completion, a final report detailing total expenses on behalf of the project, broken down by major categories, must be filed.

Should you have questions, please contact the Agency at (334) 241-4103.

Sincerely,

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

**Emily F. Marsal  
Executive Director**

ETM:kfn