

September 28, 2015

**VIA FEDEX**

Mr. Alva Lambert  
Executive Director  
State Health Planning and Development Agency  
100 North Union Street  
RSA Union Building  
Suite 870  
Montgomery, AL 36130-3025

RECEIVED

SEP 29 2015

STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY

**RE: Change of Ownership – Houston Treatment Center, LLC - Opiate Replacement Facility (Attachment to Change of Ownership form)**

Dear Mr. Lambert:

We respectfully submit to the State Health and Planning and Development Agency ("SHPDA") this letter as an attachment to the Notice of Change of Ownership form 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 Opiate Replacement Facility owned by Houston Treatment Center, LLC (Seller) in Houston County, Alabama. The following summarizes the transaction proposed to take place on or about November 23, 2015 and addresses SHPDA requirements for a change of ownership.

**A. Facts**

The Houston Treatment Center has been in operation since 2001. Attached is an October 4, 2001 letter from your office approving the Certificate of Need application (AL2001-007).

In this transaction, proposed to take place on or after November 23, 2015, MedMark Treatment Centers of Alabama, Inc. will purchase the assets from the Seller for an amount the parties have determined to be fair market value.

**B. SHPDA Requirements for Change 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 Medmark will make to Seller as consideration for the purchase of the assets of the clinic. There is no relocation of the clinic planned at this time.
2. Services to be Offered. No new services are being requested in this Change of Ownership. By filing this Change of Ownership Application, MedMark seeks authority only to purchase the assets of Houston Treatment Center, LLC, which is an existing provider of opiate replacement therapy.
3. Whether the Proposal will Include the Addition of Any new Beds. The proposal does not include the addition of beds. The opiate replacement therapy is provided on an outpatient bases, and no inpatient services will be provided.
4. Whether the Proposal will Involve the Conversion of Beds. The proposal does not include the addition of beds. The opiate replacement therapy is provided on an outpatient bases, and no inpatient services will be provided.
5. Whether the Assets and Stock (if any) will be acquired. The contemplated transaction involves the purchase of substantially all of the assets of Houston Treatment Center, LLC and the sale of the real estate associated with the location. No stock transfer will occur as part of the contemplated transaction.

**III. Requested Action**

Based upon the above description of the proposed transaction, we respectfully request that you exercise your authority under Chapter 410-1-7-.04(2) of the Rules and determine that a CON is not required for the consummation of the proposed change of ownership. In accordance with the SHPDA Rules, I am enclosing with this request a check in the amount of \$2,500 made payable to the Alabama State Health Planning and Development Agency.

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

Sincerely,



Peter Thiessen  
Vice President, Development

**CHANGE OF OWNERSHIP**

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STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY**Part I: Purchasing Organization Information**Name of Organization: MedMark Treatment Centers of Alabama, Inc.Facility Name:  
(ADPH Licensure name) MedMark Treatment Centers of Alabama, Inc. dba MedMark  
Treatment Centers-DothanSHPDA ID Number: AL2001-007Address (PO Box #): 401 E. Corporate Dr. Suite 220, Lewisville, TX 75057City, State, Zip, County: Lewisville, TX 75057, Denton CountyNumber/Type Licensed Beds: N/AOwner(s): MedMark Treatment Centers of Alabama, Inc a wholly owned  
subsidiary of MedMark Services, Inc.Operator(s): MedMark Treatment Centers of Alabama, Inc.**Part II: Selling Organization Information**Name of Organization: Houston Treatment Center, Ilc.Address (PO Box #): 9283 West US-84City, State, Zip, County: Newton, Alabama, 36305, Houston CountyNumber/Type Licensed Beds: N/AOwner(s): Houston Treatment Center, IlcOperator(s): Houston Treatment Center, Ilc.**Part III: Value of Consideration**Monetary Value of Purchase: Please see attached letter No./Type Beds: N/ATerms of Purchase: Please see attached letter.*(add more pages as necessary to describe the sale)***Part IV: List of Certificate of Need Authority**Number of Beds: N/ATypes of Institutional Health Services: Outpatient Opiate Replacement Therapy

**On an Attached Sheet Please Address the Following:**

- \*1.) The financial scope of the project to include the preliminary estimate of costs broken down by equipment, construction, and yearly operating costs.
- \*2.) The services to be offered by the proposal (the applicant will state whether he has previously offered the service and whether the service is an extension of a presently offered service, or whether the service is a new service).
- \*3.) Whether the proposal will include the addition of any new beds.
- \*4.) Whether the proposal will involve the conversion of beds.
- \*5.) Whether the assets and stock (if any) will be acquired.

**Part V: Certification of Information**

I certify that I agree to provide the information necessary (financial, utilization of services and beds, etc.) so the new owner can have the necessary information to complete reports as necessary for the entire fiscal year. The purchaser has agreed to these terms.

Seller(s) Signature(s):

Owner(s):

Operator(s):

Title/Date:

*[Handwritten Signature]*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 PRESIDENT 9-21-15  
 \_\_\_\_\_

I certify that I will be responsible for retaining records as necessary to complete reports required for the entire fiscal year, and agree to these terms. I have enclosed a check in the amount of \$2,500 made payable to 'Alabama State Health Planning and Development Agency' to cover the cost of the change of ownership.

YES     NO    The above Purchaser and Seller have agreed to these purchase terms.

Purchaser Signature:

Title/Date:

*[Handwritten Signature]*  
 \_\_\_\_\_  
 9-28-2015    President, CEO  
 \_\_\_\_\_  
 MedMark



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

100 NORTH UNION STREET, SUITE 870  
MONTGOMERY, ALABAMA 36104

October 4, 2001

G. Dennis Nabors, Esquire  
Nabors & Belser, LLC  
400 South Union Street  
Suite 395  
Montgomery, AL 36104

RE: AL2001-007  
Houston Treatment Center LLC

Dear Mr. Nabors:

Reference is made to your application for review under Title 22, Chapter 21, Article 9, Code of Alabama, 1975 and the *Alabama Certificate of Need Program Rules and Regulations*.

Rule 410-1-8-.07 of the *Alabama Certificate of Need Rules and Regulations* provided that within fifteen (15) days after the public hearing is concluded, the Certificate of Need Review Board (CONRB) shall issue a final order respecting the award of a Certificate of Need. Enclosed is the final order of the Certificate of Need Review Board for the above referenced project.

Sincerely,

Alva M. Lambert  
Executive Director

AML:rbf

cc: Joe Bolen  
Jerry Chambers

Jim Prince  
Mike Murphy

Dr. Henry Born  
Lenora W. Pate

Enclosures: As stated

**Ruling of the Certificate of Need Review Board**  
**AL2001-007**  
**Houston County Treatment Center L.L.C.**  
**Dothan, Alabama**

**FACTS:**

1. This is a Certificate of Need ("CON") application for the establishment and operation of opiate replacement facility (*i.e.* a methadone clinic) through the renovation of 1,000 square footage of space in an existing structure. The total cost of this project is \$255,660.00, comprised of: (1) renovation/construction cost - \$7,500; (2) equipment - \$17,000; (3) lease of the facility for the first year - \$25,000; and (4) first year annual operating costs - \$ 205,560. This project will be funded with cash on hand of \$50,000 and \$205,660 from new earning and revenues.
2. A Statement of Intervention and Opposition was filed by Colonial Management Group, LP. (Colonial) on February 23, 2001. At the request of Colonial, the case was initially assigned to Administrative Law Judge Branch D. Kloess. Upon the withdrawal of Colonial's motion, the case was remanded back to CON Review Board for direct consideration. This matter was initially set to be considered by the CON Review Board at its April meeting. However, the matter was continued until the July meeting at the request of the applicant and with the written consent of the intervenor. Subsequently, the Agency continued this matter until the August meeting with the written consent of the applicant.<sup>1</sup>
3. At the August meeting, both sides were allowed to make extensive presentations to the Board. During said presentations, Colonial requested, and the applicant agreed, that the Board seek input from the Department of Mental Health and Mental Retardation concerning whether there existed a need for the proposed facility in Houston County pursuant to Ala. Admin. Code § 410-1-3-.02. The matter was then continued until the September 2001 meeting with the consent of all parties.
4. During the interim, the Agency requested additional information from the Department of Mental Health and Mental Retardation regarding the need for the proposed facility in Houston County, Alabama. The Department of Mental Health and Mental Retardation subsequently filed a number of documents with the Agency, which are a part of the record and were considered by the Board in reaching its decision.
5. During the hearing, the Board addressed requests by Colonial that the Mayor of Dothan, SpectraCare, and Bradford Health Services be allowed to testify in

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<sup>1</sup> Colonial filed a motion to deny the application on the grounds that pursuant to Ala. Admin. Code §§ 410-1-7.10 and .18 the applicant could not request an additional extension and since the Board did not rule upon the application within the 90 day review period or an authorized extension thereof that the application was deemed denied. However, the Board voted to deny said motion when it determined that the Agency had the authority under Ala. Admin. Code § 410-1-.10(2) to extend the deadline with the written consent of the applicant, and had done so this case.

opposition to the application. None of these entities had intervened in the case, although the Mayor of Dothan and Bradford had timely filed letters opposing the project. The Board ultimately allowed the Mayor of Dothan, as well as a representative of Bradford Health Services, to address the Board, however, their comments were restricted to the subject matter of their letters. The Board did not allow SpectraCare to address the Board, since it had not filed a timely written statement in opposition to the application and was not listed on any of the parties original witness lists.

6. The primary service area for this project is comprised of Houston, Henry, Dale and Geneva Counties. Currently, the closest in-state opiate replacement clinics are located in Montgomery and Bainbridge, Alabama. The applicant submitted evidence that travel to said clinics represents a hardship on not only the patients but also the patients' families. Further, the applicant demonstrated that the travel and the attendant time and financial burdens impede and in some instances preclude successful treatment. The record supports a finding that reasonable access to said facilities is important to an effective treatment program. This finding is also supported by the materials which were submitted by the Alabama Department of Mental Health and Mental Retardation, which included a copy of the Federal Register which addressed this type of facility. These materials cited an elimination of travel hardships as an important goal.
7. The applicant produced substantial evidence that the treatment program which it intends to offer can and has made a significant positive impact upon those who are enrolled in the program, their families and the community.
8. The *1996-99 State Health Plan* The *1996-1999 State Health Plan* addresses methadone treatment in Rule 410-2-4-11 but does not provide a specific numerical formula for determining need for outpatient treatment in an Opiate Replacement Facility. Due to what was described a "proliferation" of outpatient clinics close to the boarder of neighboring states, a two-year moratorium was imposed on new clinics on July 25, 1996. The moratorium has expired without the adoption of specific numerical need methodology.
9. The Board has carefully considered the location of the proposed facility and the evidence regarding its likely patient base. Based on the totality of evidence, the Board believes that the benefits of the project to Alabama residents and the community outweigh any concern expressed in the SHP regarding the location of sites close to neighboring states.
10. The Board received suggested review criteria submitted by the Methadone Advisory Committee for outpatient treatment in an Opiate Replacement Facility. The Board has not considered the methodology submitted by the Methadone Advisory Committee as separate criteria for the issuance of a CON. It has, however, examined all "reasonable, relevant and appropriate" information to determine whether existing statutory and administrative criteria have been met, including, but not limited to,




evidence of the locational appropriateness of the proposed facility and the reasonable potential of the facility to meet licensure standards.

Based on the previously stated facts and representations, the totality of the evidence in the record and upon provisions of §22-21-264 of the Code of Alabama, 1975, the Certificate of Need Review Board finds the following:

- (1) That the proposal is consistent with the current State Health Plan;
- (2) That there is no other viable alternative means of providing the proposed services to the primary service area in a manner that will make such services readily available and easily accessible;
- (3) That there exists a community need for the proposal;
- (4) That the proposal is financially feasible;
- (5) That the proposal is consistent with the community's overall health plans in that it provides the primary service area with a needed service which is not currently being provided in these areas and, thus, is a step forward in the process of the relevant communities obtaining a comprehensive range of services;
- (6) That there exists a reasonable probability that the proposed facility will be able to meet licensure standards;
- (7) That the proposed location of the facility is appropriate with respect to the issues of transportation accessibility, man power availability, local zoning and environmental concerns;
- (8) That the proposal will not adversely effect any current health care providers;
- (9) That the applicant is an appropriate applicant according to the criteria set forth in Ala. Code § 22-21-264(5)(1975 as amended).

Based on the previous findings, by vote of the Certificate of Need Review Board on September 19, 2001, Project Number AL2001-007 is hereby **APPROVED**.

  
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Herbert Stone M.D., Vice Chair  
Certificate of Need Review Board

  
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Date