

**Kevin D. Morgan**  
morgan@baudino.com  
Resident in Des Moines Office

**Via Electronic Mail**

September 8, 2017

**RECEIVED**

**Sep 08 2017**

STATE HEALTH PLANNING AND  
DEVELOPMENT AGENCY

State Health Planning and Development Agency  
Attn: Secretary  
RSA Union Building  
100 N. Union Street – Suite 870  
Montgomery, Alabama 36104

RE: Tanner Medical Center Alabama, Inc.  
Notice of Change of Ownership/Control  
Wedowee Hospital, SHPDA ID Number 111-6539160

Dear Sir or Madam:

This letter accompanies a Notice of Change of Ownership/Control submitted electronically in compliance with all applicable provisions of ALA. CODE § 22.21-270 (1975 as amended) and ALA. ADMIN. CODE r. 410-1-7-.04 by Tanner Medical Center Alabama, Inc. in connection with the replacement, relocation, reduction in beds, change of ownership and change of name of Wedowee Hospital, in Wedowee, Randolph County, Alabama. I describe the project in more detail below, but very briefly this project involves the construction of a new replacement hospital in Wedowee, Randolph County, Alabama, which will be owned by the Randolph County Health Care Authority, the same owner as the current Wedowee Hospital facility, which is currently located at 209 Main Street, Wedowee, Randolph County, Alabama, 36278. The newly constructed hospital facility, which will be located at 1032 Main Street South, Wedowee, Randolph County, Alabama, 36278, will replace the current Wedowee Hospital facility and will be operated under the name “Tanner Medical Center – East Alabama.” Pursuant to a lease agreement with the Randolph County Health Care Authority, Tanner Medical Center Alabama, Inc. will be the lessee and licensed operator of the newly constructed replacement hospital facility; the lessee and licensed operator of the current Wedowee Hospital facility is the Health Care Authority of the Town of Wedowee, which leases Wedowee Hospital from the Randolph County Health Care Authority. Upon the opening of the newly constructed replacement hospital facility, the current Wedowee Hospital facility will close and the Health Care Authority of the Town of Wedowee’s lease for Wedowee Hospital will be terminated. The proposed date of the commencement of the lease between the Randolph County Health Care Authority and Tanner Medical Center Alabama, Inc. is October 4, 2017.

**Baudino Law Group, PLC**  
2600 Grand Avenue, Suite 100  
Des Moines, Iowa 50312  
(515) 282-1010  
(515) 282-1066 Fax

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The following is background information on the parties involved and the transaction culminating in the operation of Tanner Medical Center – East Alabama:

The Randolph County Health Care Authority, a health care authority incorporated under the Health Care Authorities Act of 1982, Code of Ala. §§ 22-21-310 *et seq.* (“Randolph Authority”), owns the facilities and related assets used in the operation of Wedowee Hospital, a 34-bed Medicare-certified Alabama acute care rural hospital located at 209 Main Street, Wedowee, Randolph County, Alabama 36278. The Health Care Authority of the Town of Wedowee, also a health care authority incorporated under the Health Care Authorities Act of 1982 (“Wedowee Authority”), operates Wedowee Hospital under a lease agreement with the Randolph Authority. Tanner Medical Center, Inc. (“Tanner”), a Georgia nonprofit corporation and Internal Revenue Code (“Code”) § 501(c)(3) tax exempt organization, currently provides administrative services to the Wedowee Authority to support Wedowee Hospital operations.

Tanner, a regional health system whose principal office is in Carrollton, Georgia, and its affiliate organizations operate two acute care hospitals, one critical access hospital (“CAH”), and one drug abuse treatment center in Georgia, as well as over thirty physician clinics in western Georgia and eastern Alabama, all of which serve residents in the eastern Alabama and western Georgia areas.

In order to ensure the long-term availability of and access to quality health care services to residents in Randolph County, Alabama, the Randolph Authority and the Wedowee Authority expressed their desire to partner with Tanner to jointly develop and construct a new hospital facility in Wedowee, Alabama to replace the current Wedowee Hospital facility. Pursuant to a Joint Development Agreement dated May 11, 2015, the Randolph Authority, the Wedowee Authority, the Randolph County Commission and Tanner agreed on material terms with respect to the development, financing, construction, equipping, licensing and operation of a new replacement hospital. Under the Joint Development Agreement and subsequent definitive agreements arising out of the Joint Development Agreement, the Randolph Authority agreed to construct and finance the new hospital facility. Tanner formed Tanner Medical Center Alabama, Inc., an Alabama nonprofit corporation and a wholly-controlled subsidiary of Tanner (“TMC Alabama”), for the purpose of entering into a lease agreement with the Randolph Authority under which the Randolph Authority will lease to TMC Alabama the new replacement hospital facility and TMC Alabama will be the lessee and licensed operator. TMC Alabama and the Randolph Authority entered into the lease agreement on April 27, 2016, although the lease agreement will not commence until construction of the new replacement facility is complete, a certificate of completion is issued, and all required regulatory licenses, permits, and approvals have been obtained as necessary for TMC

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Alabama to operate the new replacement hospital and admit and treat patients. The new replacement hospital facility will undergo a name change to “Tanner Medical Center – East Alabama.” The operations of the current Wedowee Hospital facility will transfer to Tanner Medical Center – East Alabama and TMC Alabama will assume Wedowee Hospital’s Medicare and Medicaid provider numbers and provider agreements.

Before commencing construction and before the Randolph Authority and TMC Alabama entered into the lease agreement, the Alabama State Health Planning and Development Agency (“SHPDA”) issued on February 4, 2016 a Certificate of Need (“CON”) to the Randolph Authority approving the construction of the new replacement hospital facility. As part of the CON, the new replacement hospital facility will reduce its licensed beds from thirty-four (34) to fifteen (15) beds. The CON is attached to the email transmitting this letter and the Notice of Change of Ownership/Control.

The parties anticipate that construction of the new replacement hospital facility will be substantially complete in early September and a Certificate of Completion will be issued in September. Again, the lease agreement between the Randolph Authority and TMC Alabama will not commence, and thus the change of ownership/control of Wedowee Hospital will not occur, until construction of the new replacement facility is complete, a certificate of completion has been issued, and all required regulatory licenses, permits, and approvals have been obtained as necessary for TMC Alabama to operate the new replacement hospital and admit and treat patients. Thus, the CON will be “vested” as provided under Ala. Code § 22-21-270(d) and this transaction will not require further certificate of need approval by SHPDA. The proposed date for the commencement of the lease agreement between the Randolph Authority and TMC Alabama is October 4, 2017.

**Kevin D. Morgan**  
morgan@baudino.com  
Resident in Des Moines Office

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I thank you for your attention to this matter. Should you have any questions with regard to this filing or the transaction described above, please do not hesitate to reach out to me at (515) 282-1010 or [morgan@baudino.com](mailto:morgan@baudino.com).

Sincerely,



Kevin D. Morgan

cc: Bill Caypless – Chair – Randolph Authority  
Brenda Boone – Chair – Wedowee Authority  
Loy Howard – President & CEO, Tanner  
Jerry Morris – Administrator Wedowee Hospital  
Carol Crews

**Baudino Law Group, PLC**  
2600 Grand Avenue, Suite 300  
Des Moines, Iowa 50312  
(515) 282-1010  
(515) 282-1066 Fax



## STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

100 NORTH UNION STREET, SUITE 870  
MONTGOMERY, ALABAMA 36104

February 4, 2016

Frank Williford, President  
Williford and Associates, LLC  
4266 Lomac Street  
Montgomery, AL 36106

RE: AL2016-002, CON 2739-H  
Randolph County Health Care Authority

Dear Mr. Williford:

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 Program Rules and Regulations* provides 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 along with the Certificate of Need Number 2739-H. The enclosed Certificate of Need is not transferable and will expire on February 3, 2017. The obligation for capital expenditure on this project should be incurred prior to the expiration date.

When valid contracts are signed for the project, please notify this Agency and enclose a copy. Please be aware that the *Rules and Regulations* address situations such as project modifications after issuance of the CON, cost overruns, failure to incur the obligation, and failure to commence construction, as well as other stipulations. You must abide by the *Rules and Regulations* and inform the Agency prior to undertaking any of the above conditions.

You are requested to provide the Agency with a progress report every six (6) months until completion of this project. Upon completion, you should also submit a final report detailing total expenses broken down by major categories for this project.

Sincerely,

Alva M. Lambert  
Executive Director

AML: dat

cc: Kristin Norman, Alabama Department of Public Health

MAILING ADDRESS: P.O. BOX 303025, MONTGOMERY, ALABAMA 36130-3025  
PHONE: (334) 242-4103 FAX: (334) 242-4113

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

**I. IDENTIFICATION**

1. Certificate of Need 2739-H	2. Date Issued: February 4, 2016	3. Termination Date: February 3, 2017
4. Project Number: AL2016-002	5. Name of Facility: Randolph County Health Care Authority	
6. Service Area: Randolph County	7. Location of Facility: P.O. Box 1125 Roanoke, AL 36274	
8. Type of Facility: HOSPITAL	9. Number of Beds: See Item 11	10. Estimated Cost: \$36,790,000.00
11. Services to be provided: The applicant is seeking to replace and relocate Wedowee Hospital, an existing thirty-four (34) acute care bed hospital, to another location within Randolph County, AL. The replacement would result in a nineteen (19) acute care bed reduction for a total of fifteen (15) acute care beds.		

**II. CERTIFICATE OF NEED**

In accordance with Section 22-21-260 through 22-21-279, Code of Alabama, 1975, the Certificate of Need Review Board finds as follows:

1. There is a need for the project.
2. There are in force in the State of Alabama reasonable minimum standards of licensure and methods of operation for hospitals and health facilities.
3. The prescribed standards of licensure and operation will be applied and enforced with respect to the applicant, hospital or other health facility.

**III. ISSUANCE OF CERTIFICATE OF NEED**

This Certificate of Need is issued to **Randolph County Health Care Authority** 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.

**ORIGINAL**

  
\_\_\_\_\_  
Alva M. Lambert, Executive Director

Sep 8 2017

STATE HEALTH PLANNING AND  
DEVELOPMENT AGENCY**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: 111-6539160  
 (This can be found at [www.shpda.alabama.gov](http://www.shpda.alabama.gov), Health Care Data, ID Codes)

Name of Facility/Provider: Wedowee Hospital  
 (ADPH Licensure Name)

Physical Address: 209 Main Street  
Wedowee, AL 36278

County of Location: Randolph

Number of Beds/ESRD Stations: 34

CON Authorized Service Area (Home Health and Hospice Providers Only). Attach additional pages if necessary. \_\_\_\_\_

**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: Randolph County Health Care Authority

Mailing Address: P.O. Box 1125  
Roanoke, AL 36274

Operator (Entity Name): Health Care Authority of the Town of Wedowee d/b/a Wedowee Hospital

**Part III: Acquiring Entity Information**

Name of Entity: Tanner Medical Center Alabama, Inc.

Mailing Address: 705 Dixie Street  
Carrollton, GA 30117

Operator (Entity Name): Tanner Medical Center Alabama, Inc. d/b/a  
Tanner Medical Center - East Alabama

Proposed Date of Transaction is on or after: 10/04/2017

**Part IV: Terms of Purchase**

Monetary Value of Purchase: \$ 0

Type of Beds: Acute

Number of Beds/ESRD Stations: 15

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

Projected Equipment Cost: \$ 6,000,000

Projected Construction Cost: \$ 20,000,000

Projected Yearly Operating Cost: \$ 8,500,000

Projected Total Cost: \$ 34,500,000

**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.

**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): William Cayple William Cayple

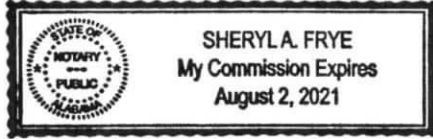
Operator(s): \_\_\_\_\_

Title/Date: Chairman 8-31-17 \_\_\_\_\_



SWORN to and subscribed before me, this 31st day of August, 2017.

(Seal)



Sheryla A. Frye  
Notary Public

My Commission Expires August 2, 2021

**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.

Acquiring Purchaser(s): \_\_\_\_\_

Entity/ Operator(s): \_\_\_\_\_ Loy Howard

Title/Date: President/CEO August 31, 2017

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

Operator (Entity Name): Tanner Medical Center Alabama, Inc. d/b/a  
Tanner Medical Center - East Alabama

Proposed Date of Transaction is on or after: 10/04/2017

**Part IV: Terms of Purchase**

Monetary Value of Purchase: \$ 0

Type of Beds: Acute

Number of Beds/ESRD Stations: 15

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

Projected Equipment Cost: \$ 6,000,000

Projected Construction Cost: \$ 20,000,000

Projected Yearly Operating Cost: \$ 8,500,000

Projected Total Cost: \$ 34,500,000

**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.

**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.

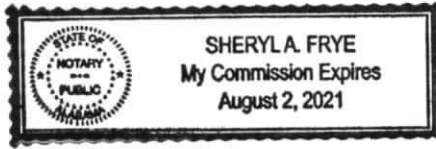
Owner(s): \_\_\_\_\_

Operator(s): Brenda Boone

Title/Date: Chairman 8-31-17

SWORN to and subscribed before me, this 31<sup>st</sup> day of August, 2017.

(Seal)



Sheryla A. Frye  
Notary Public

My Commission Expires: August 2, 2021

**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.

Acquiring Purchaser(s): \_\_\_\_\_  
Entity/Operator(s): [Signature] \_\_\_\_\_ Loy Howard  
Title/Date: President/CEO \_\_\_\_\_ August 31, 2017

SWORN to and subscribed before me, this 31 day of August, 2017.

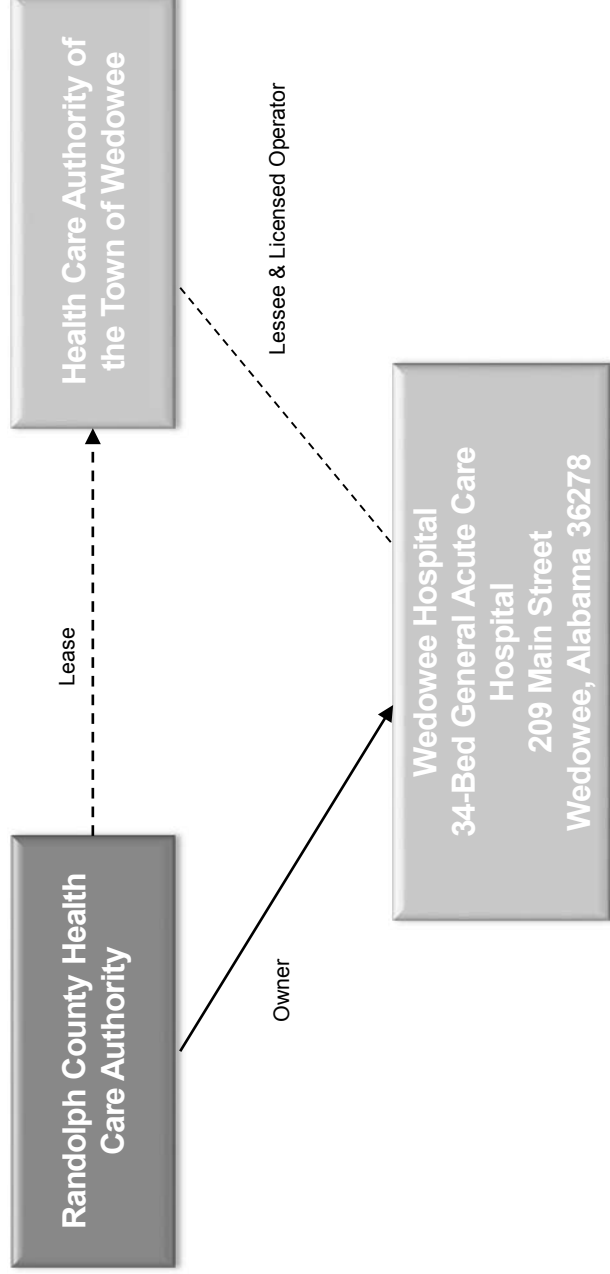
(Seal)

Kim Gilmer  
Notary Public

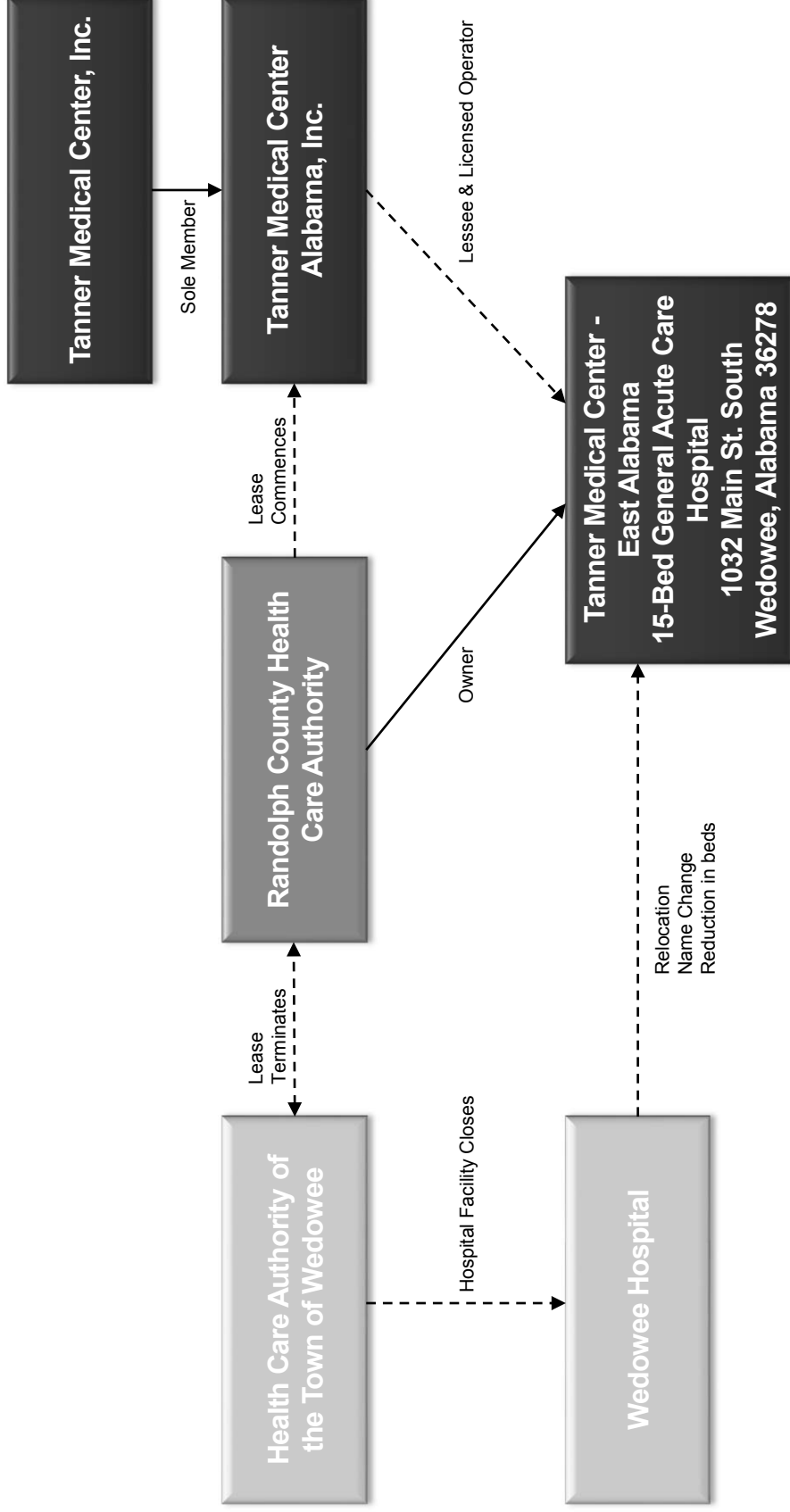
My Commission Expires: \_\_\_\_\_  
Kim Gilmer  
Notary Public, Carroll County, GA  
My Commission Expires March 19, 2020

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

# Current Wedowee Hospital Organizational Structure

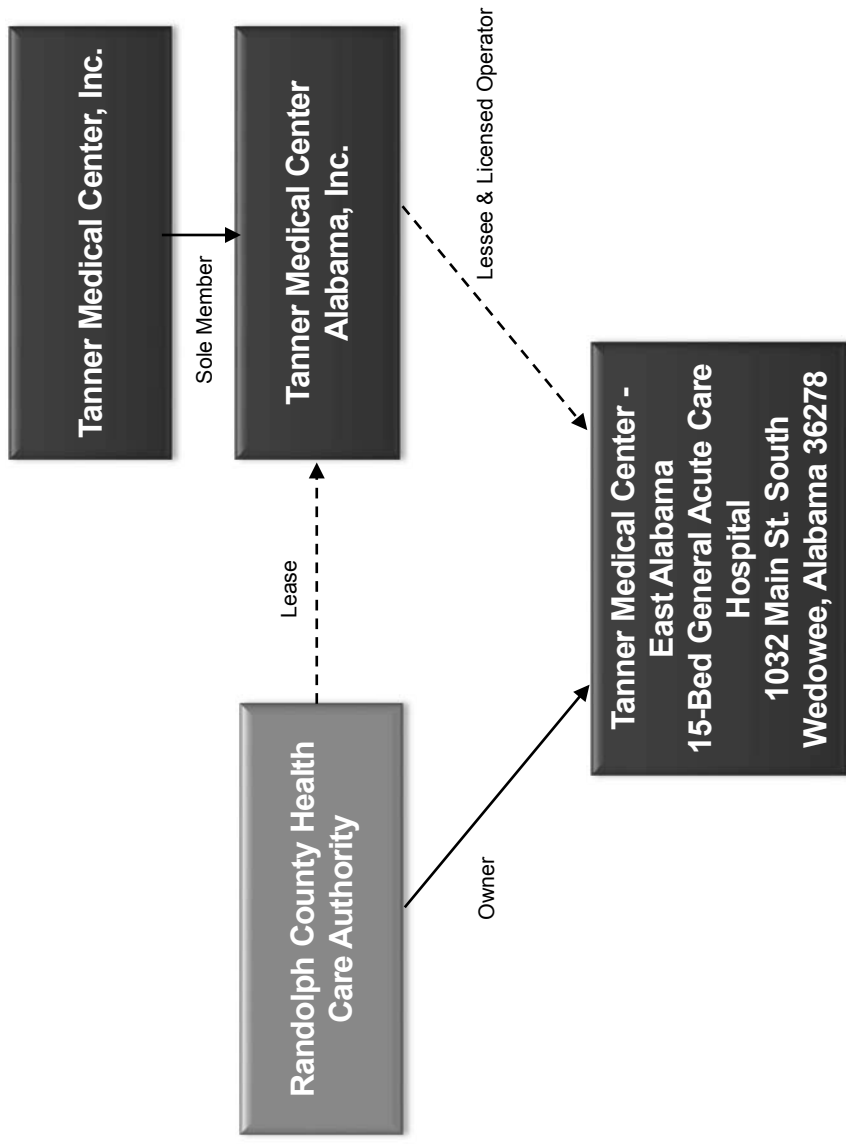


# Transaction Proposed to Occur October 4, 2017



# Tanner Medical Center – East Alabama Organizational Structure

## Post October 4, 2017



## **Attachment to Notice of Change of Ownership/Control**

### **Tanner Medical Center Alabama, Inc.**

#### **Wedowee Hospital, SHPDA ID Number 111-6539160**

1. Tanner Medical Center – East Alabama, to be operated by Tanner Medical Center Alabama, Inc., will be a licensed 15-bed hospital located in the City of Wedowee, Randolph County, Alabama. It is being constructed to serve the healthcare needs of the people of Randolph County and the surrounding area including Southern Cleburne County through the replacement of the current Wedowee Hospital facility with a new hospital facility. It is the goal of Tanner Medical Center Alabama, Inc. to continue to fulfill this mission within the capabilities of the facility and its staff and to do so in a caring and compassionate manner. Tanner Medical Center – East Alabama will serve patients of all ages regardless of national or ethnic origin, economic status, lifestyle, creed or beliefs.

Tanner Medical Center – East Alabama will offer a variety of services which include:

- Inpatient services which includes a Clinical Decision Unit. Hospitalists will provide coverage for our inpatients.
- 24-Hour Emergency Services
- Limited diagnostic imaging services
- Full clinical laboratory services including access to reference Lab services as needed
- Ambulatory Surgery Service
- Infusion Service

- Physical Therapy, Occupational Therapy, Speech Therapy
- Respiratory Therapy
- Limited In-Hospital Pharmacy Service
- Consulting services by Physician Specialists based on medical staff privileges

The services described above are all offered in the current Wedowee Hospital facility but are limited due to lack of resources.

2. The proposal does not include the addition of any new beds.
3. The new facility will be a 15-bed facility. The proposal does not include the conversion of any beds.
4. No stock will be acquired by Tanner Medical Center Alabama, Inc. and the accounts receivable of Wedowee Hospital will stay with the Health Care Authority of the Town of Wedowee d/b/a Wedowee Hospital, the current lessee and operator of Wedowee Hospital. There are a very few minor equipment type items that will transferred to the new replacement hospital facility by the Randolph County Health Care Authority, the owner of both the current Wedowee Hospital facility and the new replacement facility, but the transfer of equipment will be minimal in both number and value.