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STATE HEALTH PLANNING AND
DEVELOPMENT AGENCY

Kevin D. Morgan
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Resident in Des Moines Office

Via Electronic Mail

September 25, 2017

State Health Planning and Development Agency
Attn: Alva M. Lambert, Executive Director
RSA Union Building
100 N. Union Street – Suite 870
Montgomery, Alabama 36104

RE: Tanner Medical Center Alabama, Inc.
Notice of Change of Ownership/Control
Supplemental Filing

Dear Mr. Lambert:

This letter is a supplemental filing to clarify several facts with regard to the proposed transaction pursuant to which Tanner Medical Center Alabama, Inc. submitted electronically on September 8, 2017 a Notice of Change of Ownership/Control filing. For the sake of brevity, I have not provided all details of the transaction; please refer to my cover letter dated September 8, 2017 submitted with the Notice of Change of Ownership/Control form for the details of the transaction. The following bullet points are intended to clarify several facts with regard to the transaction:

- The Notice of Change of Ownership/Control form was submitted in anticipation of Tanner Medical Center Alabama, Inc. (“TMC Alabama”) becoming the operator of Tanner Medical Center – East Alabama. As described further below, at no time will there be a change in owner of Tanner Medical Center – East Alabama. For that matter, at no time will there be a change in owner or operator of Wedowee Hospital, the facility which is being replaced by Tanner Medical Center – East Alabama.
- The Randolph County Health Care Authority (“Randolph Authority”) will lease to TMC Alabama the new replacement hospital facility (the name of the new replacement hospital facility is Tanner Medical Center – East Alabama, which will replace the current Wedowee Hospital facility which is also owned by the Randolph Authority), with such lease commencing on the date on which TMC Alabama has received all licenses, permits and

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approvals necessary to operate Tanner Medical Center – East Alabama. On the commencement date of the foregoing described lease, Tanner Medical Center – East Alabama will open and Wedowee Hospital will close.

- The owner of Tanner Medical Center – East Alabama will not change. At all times the Randolph Authority will remain the owner of Tanner Medical Center – East Alabama.
- The operator of the current Wedowee Hospital facility will not change prior to the closing of Wedowee Hospital and the opening of Tanner Medical Center – East Alabama. The Health Care Authority of the Town of Wedowee (“Wedowee Authority”) is the current operator of Wedowee Hospital pursuant to a lease agreement with the Randolph Authority. When TMC Alabama has received all licenses, permits and approvals necessary to operate Tanner Medical Center – East Alabama, the lease between the Randolph Authority and TMC Alabama will commence and Tanner Medical Center – East Alabama will open and begin treating patients with TMC Alabama as the operator of Tanner Medical Center – East Alabama. Simultaneously, the lease between the Randolph Authority and the Wedowee Authority will terminate, Wedowee Hospital will permanently close and the Wedowee Authority will cease being the operator of Wedowee Hospital.
- TMC Alabama will not become the operator of Tanner Medical Center – East Alabama until a hospital license is issued to it allowing it to open and operate the new replacement hospital facility.
- At no time will TMC Alabama be the operator of Wedowee Hospital. As stated above, the operator of the current Wedowee Hospital facility will not change. Upon the opening of Tanner Medical Center – East Alabama, with TMC Alabama as the operator of that facility, Wedowee Hospital will close and Wedowee Authority will cease operating Wedowee Hospital.
- The costs listed on page 2, in the “financial scope” section of Part IV of the Notice of Change of Ownership/Control form filed electronically on September 8, 2017 by TMC Alabama, are included within and do not exceed the costs of the replacement hospital construction project as outlined in the Certificate of Need issued to the Randolph Authority by the State Health Planning and Development Agency (“SHPDA”). Those costs are not

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additional costs of the project and do not exceed the costs as outlined in the CON issued by SHPDA.

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.

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