



AL2016-023
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 May 09 2019
 STATE HEALTH PLANNING AND
 DEVELOPMENT AGENCY

May 9, 2019

Emily T. Marsal
 Executive Director
 State Health Planning and Development Agency
 RSA Union Building
 100 N. Union Street, Suite 870
 Montgomery, Alabama 36104
 shpda.online@shpda.alabama.gov

RE: CON 2761-ORC-MOD1 RehabCare Group East, Inc. d/b/a RehabCare Birmingham

Dear Ms. Marsal:

Pursuant to 410-1-10-.03 of the SHPDA rules RehabCare Group East, LLC ("RehabCare Birmingham") hereby submits this letter requesting a Project Modification to CON 2761-ORC-MOD1 issued for the relocation of the existing multi-specialty outpatient rehabilitation facility previously located at 100 Shadow Wood Park, Suite B, Birmingham, Shelby County, AL to 235 Inverness Center Drive, Hoover, Shelby County, AL.

RehabCare Group East received Certificate of Need Modification 2761-ORC-MOD1 on April 11, 2018 to perform additional renovations necessary to comply with requirements from the Alabama Department of Public Health Division Technical Services Unit.

The rehabilitation center received its license on April 16, 2018 and now has 12 months of operating costs to submit its final cost report.

	CON-Approved Project Costs CON 2761-ORC	Project Costs CON 2761-ORC- MOD1	Actual Project Costs
Equipment	10,000	0	0
1-year Facility Lease	10,200	10,200	10,200
First year annual operating costs	133,200	133,200	232,776
Renovation costs		79,028	79,028
Architectural Fees		7,500	7,500
Total	\$ 153,400	\$ 229,928	\$ 329,504

The source of cost increase is in first year annual operating costs. The first year operating cost breakdown is as follows:

	Costs
Direct labor and benefits	\$223,233
Other costs	9,543
First year annual operating costs	\$232,776

New CMS Conditions of Participation Rule 485.727 regarding Emergency Preparedness went into effect November 15, 2017 requiring all rehabilitation agencies to comply with the new condition, which incorporates 32 new standards for operation of rehabilitation agencies. Rule 485.723a6 required that two persons are on premise during patient care in the clinic, which



significantly increased labor costs. In addition, RehabCare Birmingham has changed its therapist mix to utilize more degreed Physical Therapists instead of Physical Therapy Assistants, which has increased labor costs. The rehabilitation center administrator was replaced with an Occupational Therapist with a Master's degree, further increasing labor costs.

As there was no opposition to this CON project, there are no parties of record in the underlying administrative proceedings that must be notified regarding this project modification request.

The filing fee check for this project modification request will be sent to your attention via overnight mail. Thank you for your consideration of this CON project modification. Please contact me at barbara.lankford@kindred.com or (502) 596-7801 should you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Barbara Lankford".

Barbara Lankford
Senior Director, Market Planning

cc: David E. Belser
Erik Painter, Kindred Healthcare