

RECEIVED

Mar 04 2019

STATE HEALTH PLANNING AND
DEVELOPMENT AGENCY

LAW OFFICES

MELTON, ESPY & WILLIAMS, P.C.255 DEXTER AVENUE
MONTGOMERY, AL 36104JOSEPH C. ESPY, III
JAMES E. WILLIAMS
J. FLYNN MOZINGO
C. MARK BAJN
BENJAMIN J. ESPY*
WILLIAM M. ESPYOAKLEY W. MELTON, JR.
(1927-2013)

March 4, 2019

Via Electronic Communication Only

MAILING ADDRESS:
P.O. DRAWER 5130
MONTGOMERY, AL 36103-5130
TELEPHONE (334) 263-6821
FAX (334) 263-7252

* ALSO ADMITTED IN MISSISSIPPI

Emily Marsal
Executive Director
State Health Planning and Development Agency
100 North Union, Suite 870
Montgomery, AL 36104
shpda.online@shpda.alabama.gov**Re: The East Alabama Health Care Authority d/b/a East Alabama Medical
Center
Certificate of Need 2821-FED**

Dear Ms. Marsal:

We represent The East Alabama Health Care Authority d/b/a East Alabama Medical Center (EAMC) regarding the above referenced Certificate of Need which was awarded to EAMC to develop the first free standing emergency department (FED) in the City of Auburn. Pursuant to ALA. ADMIN. CODE r. 410-1-10-.03 (SHPDA), EAMC requests a Project Modification for its CON, for the reasons expressed herein.

Consistent with r. 410-1-10-.03(1)(b), a filing fee in the amount of \$7,946.05, which is 35 percent of the original CON Application fee, has been submitted electronically.

Relevant information supporting the modification, including an Executive Summary and projected costs and financial information, is provided in Exhibit A hereto. As addressed in r. 410-1-10-.03(2), the modification will not involve the addition of beds, a change in bed classification, or the provision of new health services not specified in the CON Application.

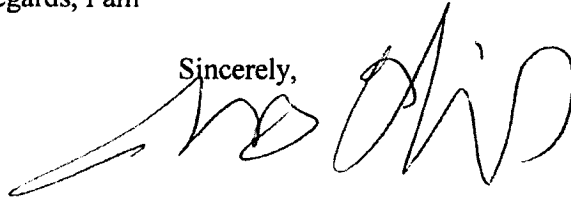
The modification will involve a change in the square footage of the FED from approximately 20,000 square feet to 37,440 square feet. The additional space will be used to relocate existing imaging and MRI services and equipment, which are presently located and provide outpatient imaging services at nearby locations, to the same location as the FED where they will continue to provide outpatient imaging services and also serve the FED. In addition, a retail pharmacy will be provided onsite. Instead of leasing the facility from a private developer, EAMC will construct and own the multi-story building. The FED will be located on the ground floor of the building and the new EAMC ambulatory surgery center, for which a CON was approved on December 4, 2017 (#2806-ASC), will be located on the second floor.

Emily Marsal
March 4, 2019
Page 2

As itemized in Exhibit A, there will be an increase in equipment costs and total project costs, the majority of which are attributable to the acquisition of property and construction. However, as represented in the CON Application, the FED will be located in Auburn Research Project and financed by new revenues and cash on hand. As modified, the total project cost is \$31,723,795.00.

Please do not hesitate to contact me if you have any questions or need any additional information. With highest personal regards, I am

Sincerely,

A handwritten signature in black ink, appearing to read 'James E. Williams', written over the word 'Sincerely,'.

James E. Williams

JEW/wbr
Enclosure

III. EXECUTIVE SUMMARY OF THE PROJECT (brief description)

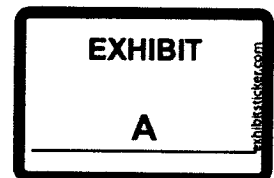
The East Alabama Health Care Authority d/b/a East Alabama Medical Center (“EAMC”) is the only hospital in Lee County. EAMC is the safety net for the medically underserved in Lee County including low income Medicare residents as well as those with inadequate insurance and high out of pocket deductibles/copayments. As such, EAMC is the only emergency department (“ED”) in the county and EAMC serves all patients presenting at the main ED regardless of the ability to pay. For 2016, EAMC’s charity care and bad debt was approximately \$50,000,000.

Today, EAMC provides all ED services in Lee County at the main hospital facility located in the City of Opelika. These ED services are performed in the main ED and supported by other existing hospital departments such as imaging, lab, pharmacy and other support services. For fiscal year 2017, EAMC provided 48,955 visits including 8,710 visits that resulted in hospital admission. Emergency room visits at EAMC are at an all-time high. The trend has been consistently increasing for the past decade. In order for EAMC to fulfill its mission, vision and values, EAMC needs to work towards increased efficient use of its existing main hospital ED and add capacity for lower acuity services. The proposed FED will address these goals.

In 2013, the Alabama Department of Public Health approved licensure regulations for Freestanding Emergency Departments (“FEDs”). The FED must be an extension of the emergency department of a parent hospital, must be separately licensed, and must be within 35 miles of the parent hospital. Like a traditional ED, a FED’s function is to provide acute triage and care for patients who present without an appointment. The FED provides initial treatment of injuries and illnesses ranging from the common cold to more serious injuries, accidents and illnesses. While FEDs offer a full range of emergency services as part of a licensed hospital, ideally the most critical patients facing life-threatening illness and injury should still be transported to the main hospital ED. Should such patients present at the FED, the facility will have the capability to stabilize the patients and transport to the main hospital ED. Like hospital EDs, FEDs are open 24/7/365, are staffed with emergency medicine physicians and nurses, and provide a full spectrum of services including laboratory, radiology, and pharmacy. Although there are only a few FEDs located in Alabama, FEDs have been increasing in many states and have begun to proliferate in Alabama.

In this application, EAMC proposes to expand ED services through a FED to an off-site location in the City of Auburn to be operated by EAMC. Specifically, the location would be in Auburn Research Park, a 171-acre development adjacent to Auburn University begun in 2008 as a result of a partnership between the State of Alabama, the City of Auburn and Auburn University. EAMC operates several off-site health and medical services in the City of Auburn and has recently received certificate of need approval for development of an ambulatory surgery center to be located in Auburn Research Park in the same building as the proposed FED. The proposed FED would increase access for members of the community with quick responses to triage and treat lower acuity patients while freeing up resources at the main ED to treat higher acuity patients. Additional benefits of this project include:

- Increased access to the Auburn area from a travel standpoint;
- Reduced patient wait time particularly for fast-track, lower acuity patients;
- Reduced over-crowding at EAMC main ED; and
- Cost effective alternative to adding capacity on the main EAMC campus.



Project Modification for AL2018-004, CON 2821-FED

EAMC proposes to expand ED services by developing an FED, which would be a department of EAMC. The proposed FED will provide access to all services needed to provide emergency care that are normally found within a hospital, such as laboratory, imaging and pharmacy. In Alabama, freestanding emergency departments are governed by Alabama Department of Public Health Chapter 420-5-9. The proposed FED will comply with all regulation requirements as described in the certificate of need.

EAMC proposes to construct an 37,440 square foot FED in a mixed-use building planned to have a total of 86,000 square feet. The FED will house waiting rooms for patients and families, exam rooms, triage, imaging department, lab, pharmacy, an area for future growth and other spatial areas typically required by ADPH and Medicare concerning licensure and certification.

This project allows for EAMC to consolidate some of its services in the City of Auburn. EAMC currently owns and operates Auburn Diagnostic Imaging at 1527 Professional Parkway in Auburn and leases an MRI from Auburn University at the Auburn MRI Center at 560 Devall Drive, Suite 101. These services will be relocated to the FED where an imaging center will be located to treat both FED patients and outpatients. In addition, the FED will have a retail pharmacy to allow FED patients to obtain any prescriptions before they leave. By consolidating these services into one location it helps promote efficiency and access to resources.

Project Modification for AL2018-004, CON 2821-FED

IV. COST (continued)

F. Proposed Finance Charges		
1.	Total Amount to Be Financed	\$ _____
2.	Anticipated Interest Rates	_____
3.	Term of Loan	_____
4.	Method of Calculating Interest on Principal Payment	_____

V. ANTICIPATED SOURCE OF FUNDING

A. Federal		Amount	Source
1.	Grants	\$ _____	_____
2.	Loans	_____	_____
B. Non-Federal			
1.	Commercial Loan	_____	_____
2.	Tax-exempt Revenue Bonds	_____	_____
3.	General Obligation Bonds	_____	_____
4.	New Earning and Revenues	<u>5,662,661.00</u>	<u>The East Alabama Health Care Authority</u>
5.	Charitable Fund Raising	_____	_____
6.	Cash on Hand	<u>26,061,134.00</u>	<u>The East Alabama Health Care Authority</u>
7.	Other	_____	_____
C. TOTAL (should equal IV-E on page A-3)		\$ <u>31,723,795.00</u>	

VI. TIMETABLE

A.	Projected Start/Purchase Date	<u>April/May 2019</u>
B.	Projected Completion Date	<u>18 months after start date</u>

PART THREE: CONSTRUCTION OR RENOVATION ACTIVITIES

Complete the following if construction/renovation is involved in this project. Indicate N/A for any questions not applicable.

I. ARCHITECT

Firm GOODWYN | MILLS | CAWOOD
Address Birmingham Office, 2701 1st Avenue South, Suite 100
City/State/Zip Birmingham, Alabama 35233
Contact Person Mr. Steve Alby, NCARB LEED AP, Vice President Healthcare
Telephone (205) 879-4462
Architect's Project Number EAMC FED

II. ATTACH SCHEMATICS AND THE FOLLOWING INFORMATION

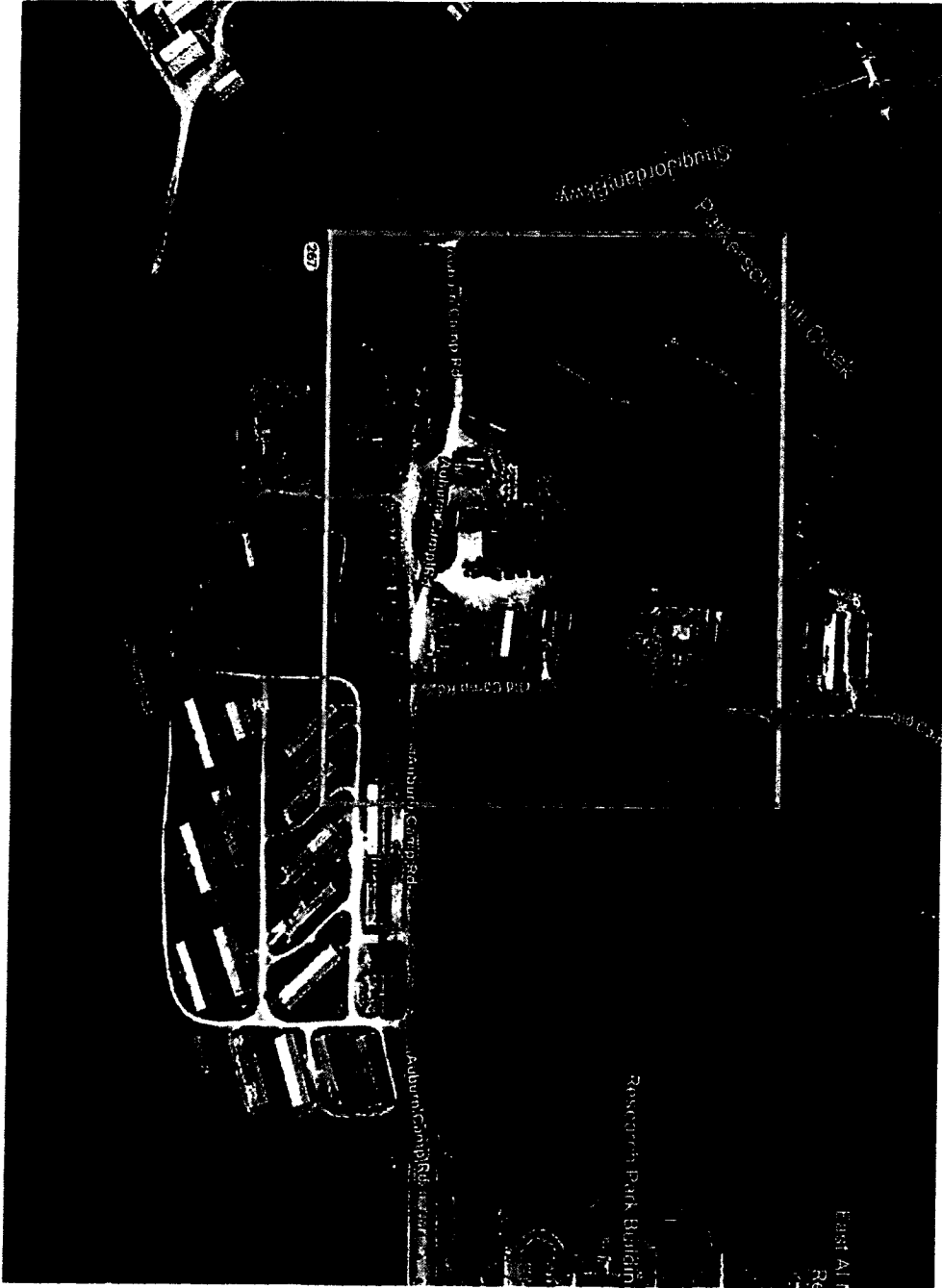
- A. Describe the proposed construction/renovation**
The freestanding emergency department facility will be 37,440 square feet with 25,580 useable square feet for: waiting rooms for patients and families, exam rooms, triage, imaging department, lab, pharmacy, future growth, and other spatial areas typically required by ADPH and Medicare concerning licensure and certification.
- B. Total gross square footage to be constructed/renovated** 37,440 GSF
- C. Net useable square footage (not including stairs, elevators, corridors, toilets)**
25,580 NSF
- D. Acres of land to be purchased or leased** 6.2 acres
- E. Acres of land owned on site** Not applicable
- F. Anticipated amount of time for construction or renovations** 18 months
- G. Cost per square foot**
- | | |
|-----------------------------------|-----------------|
| Construction only | <u>\$311.22</u> |
| Construction and associated costs | <u>\$492.20</u> |
- H. Cost per bed (if applicable)** Not Applicable

Project Modification for AL2018-004, CON 2821-FED

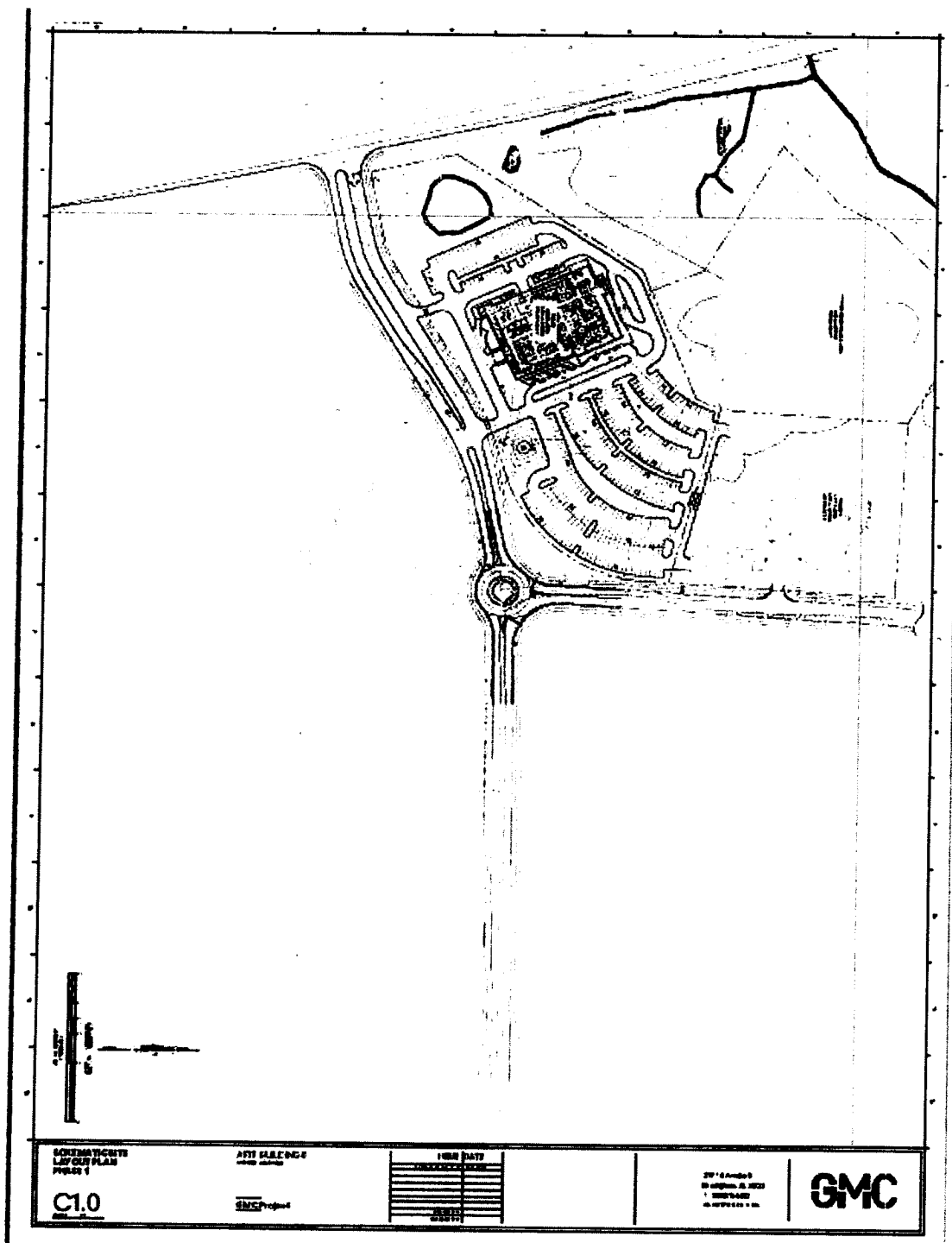
V.B PROJECT SPECIFIC FINANCIAL INFORMATION

STATEMENT OF INCOME AND EXPENSE	HISTORICAL DATA (Give information for last 3 years for which complete data are available)			PROJECTED DATA (First 2 years after completion of project)	
	2014 (Total)	2015 (Total)	2016 (Total)	2021 (Total)	2022 (Total)
Revenue from Services to Patients					
Inpatient Services					
Routine (nursing service areas)				-	-
Other				-	-
Outpatient Services				-	-
Emergency Services				19,406,598	22,830,685
Gross Patient Revenue				19,406,598	22,830,685
Deductions from Revenue					
Contractual Adjustments				11,643,959	13,698,411
Discount/Miscellaneous Allowances				-	-
Total Deductions				11,643,959	13,698,411
NET PATIENT REVENUE (Gross patient revenue less deductions)				7,762,639	9,132,274
Other Operating Revenue					
NET OPERATING REVENUE				7,762,639	9,132,274
OPERATING EXPENSES					
Salaries, Wages, and Benefits				3,826,116	3,940,897
Physician Salaries and Fees				-	-
Supplies and other			Not Applicable	309,006	325,707
Uncompensated Care (less recoveries) per State Health Plan 410-2-2-06(d)				310,505	365,291
Other Expenses				1,217,034	1,377,211
Total Operating Expenses				5,662,661	6,009,106
NON-OPERATING EXPENSES					
Taxes				-	-
Depreciation				1,547,793	1,547,793
Interest (other than mortgage)				-	-
Existing Capital Expenditures				N/A	N/A
Interest				N/A	N/A
Total Non-Operating Expenses				1,547,793	1,547,793
TOTAL EXPENSES (Operating & Capital)				7,210,454	7,556,899
Operating Income (Loss)				552,185	1,575,375
Other Revenue (Expense) - Net				-	-
NET INCOME (Loss)				552,185	1,575,375
Projected Capital Expenditure				N/A	N/A
Interest				N/A	N/A

PROPERTY LOCATION



SITE PLAN



Project Modification for AL2018-004, CON 2821-FED

AUBURN RESEARCH PARK BUILDING 6 RENDERING

