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AL2021-021

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Jul 29 2024

STATE HEALTH PLANNING AND
DEVELOPMENT AGENCY

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July 29, 2024

VIA EMAIL ONLY

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

**Re: Project Modification Request
Madison Home Health Services, LLC
Project AL2021-021; CON 2985-HH**

Dear Ms. Marsal:

On behalf of Madison Home Health Services, LLC ("Madison Home Health"), please accept this Request for Project Modification hereby being filed in accordance with *Ala. Admin. Code* § 410-1-10-.03 with regard to the above-referenced project. A filing fee in the amount of \$1,936.59, which is 35% of the original Certificate of Need ("CON") Application filing fee will be submitted electronically.

Background:

On February 19, 2021, Madison Home Health filed a CON Application to establish a home health agency in Madison County, Alabama. The CON Application estimated a total project cost of \$553,311.95.

The CON (CON 2985-HH) was issued to Madison Home Health on April 4, 2022.

On February 23, 2023, Madison Home Health notified SHPDA that it had inaugurated the service and was treating patients.

Madison Home Health has now been in operation for more than twelve (12) months, and is able to calculate its first year annual operating expenses. Upon calculation, Madison Home Health discovered that the actual first year annual operating expenses exceeded the projected first year

annual operating expenses contained in the CON application, necessitating the need for this Project Modification Request.

Proposed Project Modification:

The need for additional home health services in Madison County was greater than originally anticipated, resulting in Madison Home Health growing faster than anticipated. Thus, the actual visits during Madison Home Health's first year of operation exceeding the projected visits during the first year of operation contained in the CON Application. This increase in the number of visits, combined with inflation and increased labor costs, caused the actual first year annual operating expenses to be higher than projected. For home health agencies, a significant portion of the first year annual operating expenses are directly tied to the number of visits.

Below please find a break-down of the actual costs versus the projected costs:

	<u>Original CON Projected Costs</u>	<u>Actual Costs</u>
Construction	\$0.00	\$0.00
Equipment Purchase	\$17,000	\$2,963.05
Lease	\$45,000	\$26,475.00
First Year Annual Operating Expenses	\$491,311.95	\$940,559.57
Total	\$553,311.95	\$969,997.62

Notably, the actual equipment purchase and lease costs were below the projections contained in the CON Application. Further, although the actual first year annual operating costs and the actual total project costs exceeded the projections, the actual expenditures are below the threshold for CON review, as established for fiscal year 2021 when the CON application was filed (and for each fiscal year thereafter).

This project modification request is solely related to the actual first year annual operating expenses exceeding the projected first year annual operating expenses. There has been no change in the scope of the Project. Madison Home Health is currently operating as a home health agency treating patients and serving the Madison County community.

Based on the foregoing, Madison Home Health respectfully requests a project modification to account for the increase in first year annual operating expenses.

As evidenced on the attached Certificate of Service, all parties to the underlying proceeding at the time of the CON Review Board approval have been served with a copy of this Project Modification Request.

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I appreciate your attention to this matter. Please let me know if you have any questions or need anything else in this regard.

Sincerely,



Kelli C. Fleming

KCF/caj

cc: Jim Walker
Richard J. Brockman, Esq.



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

100 NORTH UNION STREET, SUITE 870

MONTGOMERY, ALABAMA 36104

410-1-10-.03 (b)

Project Modifications After Issuance of Certificate of Need

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have served a copy of the foregoing upon the listed parties of record by placing same in the United States Mail, postage prepaid and properly addressed, on this the 29th day of July, 20 24.

*****NOTE** List name and address of all parties:***

Gaines B. Brake, Lauren DeMoss, Maynard Nexsen, 1901 6th Ave. N., Suite 1700, Birmingham, AL 35203,

Counsel for Amedisys Home Health

Jennifer H. Clark, Sydney H. Willmann, Bradley Arant, 1819 5th Ave. N., Birmingham, AL, 35203, Counsel for

Encompass Health Home Health of Alabama, LLC, LHC Group, Inc., and Huntsville Hospital HomeCare

David Belser, Law Office of David E. Belser, LLC, 2865 Zelda Rd., Montgomery, AL 36106, Counsel for

Kindred at Home, LLC

James E. Williams, J. Flynn Mozingo, Melton, Espy & Williams, P.C., 255 Dexter Ave., Montgomery,

AL 36104, Counsel for ProHealth Home Health, LLC

Madison Home Health Services, LLC

(Name of applicant requesting project modification)