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**STATE HEALTH PLANNING
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December 20, 2013

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Mr. Alva Lambert, Executive Director
Alabama State Health Planning and Development Agency
100 North Union Street, Suite 870
Montgomery, Alabama 36104

RE: Project Modification Request
CON 2597-LTACH (Project No. AL2005-039)
Athens-Limestone Hospital LTACH Beds

Dear Mr. Lambert:

This letter requests a project modification pursuant to Rule 410-1-10-.03 of the Alabama Certificate of Need Program Rules and Regulations ("SHPDA Rules") for CON 2597-LTACH. This Certificate of Need was issued on December 27, 2012 to the Healthcare Authority of Athens and Limestone County d/b/a Athens-Limestone Hospital ("ALH").

The application for this project was originally filed in 2005, but delayed until 2012 because of a moratorium. On November 16, 2012, ALH filed an Amended Executive Summary with SHPDA noting that it proposed to establish a new 40-bed LTACH to be located within ALH. On December 27, 2012, SHPDA issued a CON to ALH granting permission to construct a new 40-bed Long Term Acute Care Hospital (LTACH) within Athens-Limestone Hospital (ALH) in Region II. The Ruling of the Certificate of Need Review Board which accompanied that CON found that ALH's project was "adding six (6) new LTACH beds." The purpose of this project modification request is to clarify that ALH's project is adding forty (40) new LTACH beds.

CON2597-LTACH qualifies for a project modification because it is a change in a

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project for which SHPDA has previously issued a certificate of need. The proposed change in the project falls below the financial thresholds for review provided in Section 410-1-4-.01 and does not involve a physical relocation of the facility to a location other than that designated in the application or CON, a change in bed capacity or the provision of new services.

CON2597-LTACH qualifies for a project modification pursuant to SHPDA Rules. There was no opposition to the approved CON following the remand to the CON Review Board. Finally, the requested modification does not affect the design of the facility, the facility's square footage or the project cost. ALH hereby certifies that it has served this project modification request on all parties of record in the underlying administrative proceeding or who filed letters in opposition thereto.

Based upon the foregoing, ALH respectfully requests that the Executive Director and/or the CON Review Board modify CON2597-LTACH in accordance with the clarification stated above. Pursuant to Rule 410-1-10-.03(1)(b), I have enclosed the appropriate project modification fee of twenty-five percent of the original CON application fee for the project.

Very truly yours,

WILMER & LEE, P.A.

By: _____


P. Michael Cole

**Second Amended
Executive Summary
AL2005-039, CON 2597-LTACH**

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HISTORY OF THE PROJECT

The Health Care Authority of Athens and Limestone County d/b/a Athens-Limestone Hospital (“ALH”) filed a CON Application (the “Project”) in 2005 to establish a long term acute care hospital (“LTACH”) in Limestone County for Region II. The Project was delayed due to a moratorium. An Amended Executive Summary was filed with SHPDA on November 16, 2012. On December 27, 2012, the CON Review Board issued a Ruling approving the Project. On the same day, SHPDA issued a CON granting ALH permission to establish a new 40-bed LTACH. This Second Amended Executive Summary is intended to clarify the Project and seek a modification of the CON.

ALH proposes to establish a new 40-bed LTACH, to be located within ALH. The addition of the LTACH is consistent with the mission and goal of improving the availability of quality and continuity of health care while maintaining cost efficiency for the Athens Limestone community and surrounding areas. Region II consists of the following counties: Jackson, Madison, Marshall, Morgan and Limestone.

Several parties filed opposition to the Project and requested a contested case. The Project was assigned to ALJ Hampton. All opposition to the Project was subsequently withdrawn. The ALJ remanded the Athens Limestone LTACH project to the CON Review Board for approval on November 10, 2010. At the time of the remand, the Centers for Medicare and Medicaid Services (“CMS”) had a moratorium on the establishment of new LTACHs, therefore, the stay continued. The federal moratorium on LTACHs was lifted in December 2012.

ABOUT ATHENS-LIMESTONE HOSPITAL

ALH is a public, community-owned hospital providing a comprehensive range of outpatient and inpatient services. As a public hospital, ALH serves patients regardless of insurance status or ability to pay. In FY 2011, \$13.4 million in free care was provided to the people of Limestone County.

ALH has provided quality health care to the residents of Limestone County and the service area for more than fifty years and has a committed employee population,

visionary Board of Directors, and an excellent medical staff of about sixty-five (65). Athens-Limestone Hospital is an affiliate of Huntsville Hospital and Health Group of Alabama. As such, ALH is affiliated with eight North Alabama hospitals that will utilize and support this new service.

ALH has been the leader in the advancement of healthcare services in Limestone County. Efforts have been directed toward the coordination of education opportunities for local colleges, universities and community groups, recruitment of physicians, and the addition and expansion of services.

LTACH PROJECT

The LTACH will be located in existing space within the Athens-Limestone Hospital. The Project will require a facelift to an existing unit, and the completion of shelled-in space. Given the growth in patient care activity since the Project was filed, it will be necessary to develop the Project in phases to minimize the disruption to patient care services.

In phase I, ALH will renovate an existing nursing unit and place twenty-five (25) beds into service. It is anticipated that phase I will take approximately twelve (12) months. Phase II is expected to be more involved as it requires the build out of the shelled-in space. Phase II will begin after the completion of phase I. It is estimated that phase II will take approximately twelve (12) to fourteen (14) months. Upon completion of phase II, the remaining beds will be placed into service.

The CON Review Board's Ruling of December 27, 2012 stated that the Project would be "adding six (6) new LTACH beds." This Second Amended Executive Summary and the Project modification request are intended to clarify that the Project would be adding a total of forty (40) new LTACH beds. The forty (40) new LTACH beds will not be converted in the future to any other type of bed, including acute care hospital beds.

COMPLIANCE WITH THE STATE HEALTH PLAN

ALH's project proposal is consistent with the findings of the State Health Plan. The ability to utilize existing space is not only consistent with the State Health Plan but also vital to ALH and the surrounding facilities. ALH is centrally located in Region II with accessibility from a major four-lane highway, 72, and Interstate 65. The project approval will allow ALH to continue to ensure the availability, advancement and quality of healthcare to the residents of Region II.

ALH will enter into an Agreement with a provider of LTACH services to operate the LTACH. There will be a board, CEO, Medical Director, and Medical Staff separate from ALH as required by the State Health Plan and the CMS rules and regulations. ALH has obtained transfer agreements from the following hospitals: Huntsville Hospital, Madison Hospital, Marshall Medical Center South, Marshall Medical Center North, Decatur Morgan Hospital, Decatur Morgan West, Helen Keller Hospital, and Athens-Limestone Hospital. The transfer agreements indicate that the LTACH could admit at least seventy-five percent (75%) of its patients from hospitals other than the host hospital.

The proposed change in the Project falls below the financial thresholds for review provided in Section 410-1-4-.01 and does not involve a physical relocation of the facility to a location other than that designated in the application or CON, a change in bed capacity or the provision of new services.

CONCLUSION

The Project, as clarified, is consistent with the State Health Plan, and ALH requests that the Project modification be approved. The Project is timely, cost efficient, it meets a community need, and it will have a positive impact on the community.